

A SOCIOLOGICAL STUDY OF TAMIL
ENTREPRENEURSHIP WITH SPECIAL REFERENCE TO
UP-COUNTRY TAMIL BUSINESS
IN SRI LANKA

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ABSTRACT

This study attempts to construct a broad discourse on particular characteristics of Tamil entrepreneurship with special reference to the Up-country Tamil community in Sri Lanka. It illustrates the nature of the Up-country Tamil business identity within the broader framework of Tamil ethnic entrepreneurship by providing a review of literature about the legacy of Tamil entrepreneurship, and using primary data collected from field research in the central highlands of Sri Lanka. Since the usual literature on ethnic entrepreneurship has emphasized internal and external contact, socio-cultural profile, and historical backdrop of reputed entrepreneurial communities, this attempt may be a different experience that emphasizes business approaches of a causally non-significant entrepreneurial group. Therefore, this thesis demonstrates, the Up-country Tamils are significant as creators of the entrepreneurial 'little tradition' among other Tamil market makers such as the *Nattukottai Chettiars* and the Tamil Muslims.

The valuating reciprocity between different network relations, revealing the accumulating patterns of micro-scale fiscal and social capital, ethnographic exploration of the positive and negative effects of socio-cultural factors of the research community take significance in constructing a theoretical argument illustrating two strands of business approaches, i.e. the great and little tradition within a single ethnic group. It is also important in comprehending how far a marginal social group has succeeded in building their initial entrepreneurship needs through bonding relations within the community and expanding the networking capacity towards external contacts (bridging). Further, the study tries to understand the entire market system as a purposive action. Broadly, the study intends that these insights form an in-depth view on the nature of entrepreneurial behaviour of the bottom line, and these findings will be helpful in enhancing the social and economic status of marginal communities.

Key Words: *ethnic entrepreneurship, Tamil business networks, Up-country Tamils in Sri Lanka*

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LIST OF ABBREVIATIONS

AD	Anno Domini
BC	Before Christ
BWTP	Banking With Poor
CBC	Central Bank of Ceylon
CE	Common Era
CELC	Centre for English Language Communication
CIC	Ceylon Indian Congress
CLC	Ceylon Labour Commission
CWC	Ceylon Workers Congress
DCS	Department of Census and Statistics
GCE	General Certificate Education
ICES	International Centre for Ethnic Studies
IEGs	Informal Economic Groups
INGOs	International Non Governmental Organisations
JEDB	<i>Janatha</i> (Peoples') Estate Development Board
LTTE	Liberation Tigers of Tamil Elam
MAs	Managerial Agents
MFEW	Migrant Foreign Employed Women
NGOs	Non Governmental Organizations
NUS	National University of Singapore
OPEC	Organization for Petroleum Exporting Countries
PPC	<i>Paraiih, Pallar & Chakkiliar</i>
RPC	Regional Plantation Companies
SLFP	Sri Lanka Freedom Party
SLSPC	Sri Lanka Estate Plantation Companies
TCC	Tamil Chamber of Commerce
UNP	United National Party
UREBS	United Railway Employment Benefits Society

Chapter I

1.1. Introduction

Tamil entrepreneurship has played a considerable role in the current global market economy. This is directly related to the global dissemination of the Tamil Diaspora as a result of various historical and socio-economic developments, which have affected the Tamil community on the Indian subcontinent and the Northern areas of Sri Lanka. Historically, the development of naval technology and seafaring culture could be identified as main factors for the expansion of Tamil trade. Colonialism accelerated this circumstance. Some internal factors such as social customs, values and networking patterns have also been remarkably useful for particular Tamil groups to enhance their entrepreneurial skills. Likewise, the Up-country Tamil¹ business community in Sri Lanka has also built a significant identity which has constructed their entrepreneurial network as a marginalized enclave (Hollup 1994). Therefore, this thesis focuses on the entrepreneurial dynamics of the Tamils as an ethnic group with special attention to the Tamil community of Indian origin (read: Up-country Tamils) of Sri Lanka.

¹ The Up-country Tamils are mainly descendants of the workers' community who migrated from South India to Sri Lanka in the 19th and 20th centuries to work in colonial coffee, tea and rubber plantations. Some migrated later as merchants and traders. Initially they were recruited mostly by the British planters in tea and coffee estates of Sri Lanka's central highland areas such as Badulla, Nuwara Eliya, Kandy, Matale and Rathnapura. According to the census of 2001, 855,888 people were listed as 'Indian Tamils'; out of which 695,705 were living on estates (Frasch, et al. 2006: 44).

Some writers like Sahadevan (1995: 88) suggest that the estimated population of the Up-country Tamils should be much higher than the official statistics noted in the census as over 200,000 persons had acquired citizenship by descent since 1948 and had since declared themselves as 'Sri Lankan Tamils'. Whilst many of the early migrants did come to work in the plantation economy initiated under British rule, some other Tamil migrants were employed in the late 19th century expansion of the Colombo Harbour and for the construction of Ceylon's roads and railways (ibid). The 2001 census estimates that 50,190 Indian Tamils come under the category of 'urban' population and 109,993 Indian Tamils are part of the rural populations mostly residing in the estates (ibid). Instrumental in maintaining the plantation economy of Sri Lanka, they are commonly termed as Tamils today, but some have Telugu and Malayalee origins as well.

Different factors ranging from the historical to the political-economic background along with cultural factors are responsible for building ethnic entrepreneurial identity. Since a large collection of academic writings on ethnic entrepreneurship have emphasized the above particular characteristics pertinent to the mainstream entrepreneurial groups, this thesis seeks to present a differentiated experience by focusing on the entrepreneurial identity of the Up-Country Tamils as an ‘outsider entrepreneurial community’. Structural factors such as caste-kinship networks, the traditional heritage of human capital and excessive self-exploitation capacity tend to be the initial essence of the Up-country Tamil business patterns in Sri Lanka. By means of long-term literature collection and field research, this thesis sketches out an ethnographic and qualitative outline on the entrepreneurial structure of the Up-country Tamil community in contrast to the other Tamil entrepreneurial groups of Sri Lanka and worldwide.

The key outcomes of this study may be important in comprehending how far a marginalized social group has succeeded in building their initial entrepreneurship needs through relations within the community and expanding their networking capacity through the external contacts. The strategies they adopted for the achievement of their entrepreneurial goals illustrate typical characteristics. Accumulation of initial fiscal and social capital by an excluded group outside the reputed business circles seems to be different from the mainstream entrepreneurial communities that obtain the necessary support from their established economic structures.

Thus, the current study focuses on building a sociological discourse on the Up-country Tamil community as a minority and marginalized entrepreneurial group by understanding their distinctive characteristics in terms of gathering information, consulting services, personal aid and loans, supplying manual labour, and many other resources obtained via traditional social networks. These factors may be important in taking a broad view on the nature of the Up-country Tamil entrepreneurship vis-à-vis the other Tamil entrepreneurial groups of Sri Lanka.

Variations in Tamil business approaches of an assortment of Tamil communities in different regions of the world reflect the multiple models of socio-economic and geographical characteristics of each location and community (Weerasooriya 1973; Rudner 1989 & 1994; Hollup 1994; Arokiaswamy 2000). For instance, some groups such as the *Nattukottai Chettiars* and Tamil-Muslims are structurally an inherent part of the business environment they reside in, while others like the *Kanganies* and manual labourers who emigrated overseas have developed their entrepreneurial skills in relation to the socio-economic conditions of their new context.

Moreover, some groups who represent similar “ethnic enclaves” have settled as traders in the USA, Europe and some Scandinavian countries as a result of modern globalization and human flows. ‘Tamil entrepreneurship’ can be classified as both mainstream or a ‘great tradition’ and outsider or ‘little tradition’ entrepreneurs.²

Usually the groups who have been traditionally branded as the business groups or

² Great tradition & little tradition both concepts were being used by prominent anthropologist Robert Redfield in his studies of peasant societies of Mexico which belonged to great Mayan Civilization. He argues that when elites maintain the great traditional culture, literature, technology or many other things, the peasants became responsible to preserve the same obsessions in their own manner equivalent to the relevant circumstance (see Wilcox 2006).

“entrepreneurs” easily move with upward mobility channels. Such groups possess material and non-material capital. In this sense, there is a significant hierarchy among Tamils regarding the prevalence of entrepreneurship. This study will argue that some entrepreneurs like *Chettiars* and Tamil-Muslims as representatives of the mainstream Tamil entrepreneurial identity (Mahroof, 1976; Chattopadhyaya, 1979; McPherson 2010). *Kanganies* and middle-class overseas-immigrant Tamils characterize the overlap of great tradition and outsider business conventions. However, it is the business owners who are derived from the workers community like Up-country Tamils in Sri Lanka, Malaysia, South Africa, and Mauritius belong to the outsider or ‘little tradition’ of entrepreneurs. As such, it is necessary to have a broader assessment of socio-economic and historical features of Tamils in terms of scrutinizing the variances of their entrepreneurial characteristics.

By studying the networks, social ties and bridging through caste, kinship, marriage, neighbourhoods, and friendship it would be important to understand the peculiar nature of the Up-country Tamil business. In addition to the primordial social factors, there are significant trends of entrepreneurship that have emerged amongst the Up-country Tamil community as a result of their reaction to the internal and external social burdens and opportunities. For instance, the influence of traditional social values, impact of current global economic trends, the political motive to build their own identity among other ethnic groups, economic cooperation extended by governmental and non-governmental organizations, reaction to unemployment or underemployment, and loss of social security within the plantation economy due to various structural adjustment policies seem to be the leading factors. Therefore, some cases of ethnographic materials extracted from field study will be given in

analytical parts of the thesis to depict the nature of baseline networks of the Up-country Tamil business.

1.2. Significance of Study

Societies that possess individuals who are willing and eager to perform entrepreneurial roles can enhance their growth and development process by moving forward at a faster pace while those societies lacking these necessary components lag behind (Akhoury 1997: 37). Therefore, the idea “why would some societies have such people and others do not” has been the focal point of economic developmental discourse for several decades in the recent past. When ‘entrepreneurship’ is linked to the adjective ‘ethnic’, it focuses attention on a specific direction. It tries to emphasize ‘ethnic identities’ of innovation, trust and risk which are the major components of entrepreneurship. This entrepreneurial apparatus reflects an ethnic group’s access to opportunities, the characteristics of grouping and emergence of organized strategy.

The available literature on entrepreneurial ethnic groups tends to focus on aspects such as their geographical expansion, inherent cultural heritage, social ties and bridging, historical evolution and networking enhancements through embedded contextual relations (Hoselitz 1951; Supple 1957; Hirschmeier 1964; Jiang 1968; Kilby 1973; Thambiah 1971; Cobas and Deollos 1989; Mosse, 1987; Aldrich and Valdingner 1990; Hofstede 1994; Volery and Mensik 1997; Teo 1997; Tong et al. 1998; Min and Bozorgmehr 2000; Lee & Dawes 2005; Schiff 2005; Park 2006; Wen-Yau 2008). These attempts that rely on hypothesizing ethnic entrepreneurship have been successful in some aspects whilst some are yet to be developed. Such

efforts have originated by the opening up of new dimensions in the study of ethnic entrepreneurship. For instance, according to these studies, some social groups express higher proclivity to entrepreneurial behaviour than the others. Sometimes this phenomenon could be observed in a specific enclave within the communities who reside in the same geographical location. To give a very macro level example, societies in Europe that were exposed to the modern scientific revolution (read: Renaissance) are said to be more successful in terms of industrial development than the agricultural communities that are traditionally bound to their heritage lands in the regions of Asia, Africa or Latin America. These views claim that predominant factors such as cultural heritage, territorial roots that are grounded by the traditional units, primordial ties and boundaries such as image of a linear clan, values and myths determine the ethnic identity of a society.

Unitary ideology of a community could be determined by social relations that have emanated from kinship, neighbourhood and commonality of language, religious belief and customs with those that are eventually based on personal attraction, tactical necessity, and common interest or acquired moral obligation (Shils 1957, Geets 1963, Rex 1986a; 1986b; 1996; 1997). These concepts have opened newer trajectories in the study of social entrepreneurship. According to Yinger, “An ethnic group is a segment of larger society whose members are thought, by themselves or others, to have a common origin and to share important segment of common culture and who, in addition, participate in shared activities in which the common origin and culture are significant ingredients” (Yinger 1994: 3). The researcher who is interested in ‘ethnic entrepreneurship’ has to ascertain these ethnic identities, and relate these to the risk, trust and innovation that are identified as major

entrepreneurial characteristics. The reaction to the concurrent social reality by a relevant social group is an important aspect in terms of demonstrating the social identity of entrepreneurship (Nagata 1974; Epstein 1978).

Some have even argued that ethnic identity could be developed as a class reaction (Bonacich 1980), interest based action (Glazer & Moynihan 1975), or it could be directed towards gaining access to political or economic resources. Particularly this discourse carries a powerful argument on how far culture and policy factors are effective in terms of entrepreneurship development in a community. Accordingly, these ideas create a literary environment to comprehend Tamil entrepreneurship as well. It seems that the entire discourse has been constructed using the ingredients of those so-called “mainstream entrepreneurial” groups. Moreover these attempts are likely to be mere efforts at generalizing the current achievements that had been acquired by each community.

Studying the nature of entrepreneurial skills of a community, which portrays lesser-heard characteristics of being members of a minority, marginal and immigrant group would be slightly different. Of particular concern to this study, is the strategy used by Up-country Tamil community and how it differs from the mainstream entrepreneurial communities. The Up-country Tamils accumulate micro-scale social capital using relations embedded within their community and successfully construct a ‘proper business space’ utilizing accumulated human capital in the second stage. To scrutinise the formulation of this impressive mechanism operating within the Up-country Tamil Community of Sri Lanka is the main stimulus of this study.

1.3. Theoretical Significance

This thesis inspects in depth, the historical background of entrepreneurship studies and related theoretical perspectives. Further, it scrutinises the historical background that reflects the ethnic identity of Tamil community, their cultural ingredients such as customs, norms and values, and their ability to keep pace with contemporary socio-economic changes in Sri Lanka. Therefore, the current thesis is focused on the multiple factors that are responsible in constructing their entrepreneurial identity. In view of the above factors, caste and kinship-based networking system, excessive self-exploitation, and push factors related to social marginalization derived from everyday challenges can be taken as the key characteristics, which make up their entrepreneurial identity. The wider theoretical interest of these characteristics relies on its contribution to the development of the concept, ‘marginal entrepreneurship’ within the broader discussions of ethnic entrepreneurship.

Aldrich et al. developed a framework for understanding the correlation between two variables: ethnicity and entrepreneurship. Their approach explains ethnic enterprise using a framework based on three dimensions: (1) an ethnic group’s access to opportunities, (2) the characteristic of the group, and (3) emergent strategies (Aldrich et al. 1990: 114). Components of the opportunity structure characterize market conditions with easy accessibility to ethnic products or services, favourable opportunities within inter-ethnic competition for vacancies, and government policy. When market conditions are favourable, migrants and other minorities can access the opportunity channels more easily. Most commonly there is the possibility of these opportunities being hampered by non-ethnic group members, and government intervention is important in providing legal security (ibid). Group characteristics are

created as a result of common settlements, homogenous cultural activities and common historic experiences as an ethnically marginal community.

Aldrich et al. also emphasize the strategies that are generated from the reciprocity between opportunity structures and group characteristics (ibid: 130). They highlight at-least four approaches used by ethnic businesses: (1) self-exploitation (2) expanding the business by moving forward or backward in the chain of production, or by operating other shops, (3) funding and supporting ethnic trading associations, and (4) cementing alliances with other families through marriages (ibid: 131). Therefore, the approach of Aldrich is important in formulating a conceptual framework of the relationship between ethnicity and entrepreneurship.

Moreover, migrant and minority entrepreneurship is an important factor in the relationship between ethnicity and entrepreneurship. Certain ethnic and racial groups have shown their tendency to be involved in businesses in comparison to other groups. This ethnic-entrepreneurship dialogue raises a query on how a particular ethnic or social group is identified as a mainstream entrepreneur and what the fundamental factors are that constitute it. According to Aldrich et al. (1990) there are two conditions that affect ethnic groups when attempting to gain access to the ownership of business: (1) the level of inter-ethnic competition for jobs and businesses, and (2) governmental policies, which are considerably diverse among traditional, colonial, nation-building and modern nation states (ibid: 117). The competition for resources is the nature of human beings and the limitation of resources seems to augment the situation.

Competition to obtain jobs and business opportunities are a common occurrence between inter-ethnic groups. Under competitive situations, the immigrant or ethnic minority concerned is likely to lose. To explain such circumstances of direct inter-ethnic competition over business, researchers have come up with two methods: (1) highly competitive ethnic groups could be promoted to concentrate in a limited range of industries, and (2) people could be forced to look for further lucrative businesses through an interstitial line or they could be pushed out of business altogether at a very high level of competition (ibid: 118).

Therefore, the people who accumulate economic resources (money, land, labour, technology) and build remarkable network relations are considered entrepreneurs in general. They represent the mainstream entrepreneurs who are accountable for accumulating great wealth from the existing status-quo and economic structure. A large collection of academic writings on ethnic entrepreneurship emphasizes the structural characteristics that are suitable for networking potentialities. The structural opportunities for innovative skills and cultural legitimacy in terms of wealth accumulation are taken into account when studying mainstream entrepreneurs. These entrepreneurs are able to accumulate necessary cultural and social capital from the society.

Within this broader context, multiple factors such as socio-economic opportunities, cultural and political features that historically affected the Up-country Tamils should be inspected when exploring their entrepreneurial backdrop. The current study will cast a new gaze upon entrepreneurialism of 'outsider' entrepreneurs rather than focusing on entrepreneurship of mainstream business groups. In this

sense, the study will be important in contributing to new knowledge to the pre-existing corpus of social network studies on ethnic-entrepreneurship among marginal groups.

1.4. Policy Significance

In terms of the policy implications, this study will be important in several aspects. The ‘idea of potentiality of positive linkages between entrepreneurship and economic prosperity’; and ‘the possibility of the development of individual entrepreneurial capacity through planned efforts are the main stimuli or the guiding principles of the study. In particular, these hypothetical perspectives and their experimental paradigms have become increasingly important at different types of developmental projects in key policy institutions ranging from the World Bank, the International Monetary Fund, and the Asian Development Bank. These institutions have successfully consolidated the push factors towards encouraging entrepreneurship through planned strategies leading to the sustainability of rural and low-income sectors in the developing world.

In sum, the study is an attempt to understand generally, how a marginal social group overcomes its socio-cultural barriers by resorting to entrepreneurship; it will also examine the cultural structure of the Up-country Tamil community, their everyday needs, and the relations between members of the group in achieving their goals. Therefore, the study would be useful to policy makers for the purposes of understanding the socio-economic well-being not only of up-country Tamils in Sri Lanka but also for the well-being of other marginal and minority groups in similar contexts.

There is much evidence of social revitalization programmes, which have proved to be unsuccessful due to the inability of members of a particular society to perform entrepreneurial roles. The main cause of this failure is the lack of in-depth understanding amongst development practitioners and policy makers regarding internal mechanism of their target groups. With this particular reflection in mind, this study will help to deepen the sociological knowledge on minority and marginal entrepreneurship and their distinctive characteristics in terms of gathering information, consulting services, aid, personal loan, manual labouring support, and other resources within their social network. The study will also be important in understanding minority, marginal and immigrant social groups in terms of how they build the initial stages of entrepreneurship through the bonding relations within the community and how this networking capacity is later expanded towards external contacts. Moreover the understanding of entrepreneurial characteristics of a particular community simultaneously creates a separate discourse regarding non-entrepreneurs who exist in the same socio-cultural milieu. Hence the instructive knowledge produced from this study will directly be useful for development practitioners who are seeking appropriate approaches to accomplish their goals. Moreover it will provide measures to policy makers to offer supportive action to the Up-land Tamil entrepreneurs and similar disadvantaged groups to overcome their socio-political obstacles that make upward mobility a possibility through the entrepreneurial actions available to them.

1.5. Research Objectives

Considering the above broader literary and theoretical circumstances, the main aim of the study is to examine, the contribution of cultural heritage and capacity of reaction to the opportunity structure derived from concurrent socio-political milieu and the specific features of how the Up-land Tamil community build their networking patterns and resource management in terms of enhancement of their business activities. The following objectives will be focused under the above goal of the study:

1. Classify the peculiar characteristics of Up-country Tamil business identity within the broader discourse of Tamil entrepreneurship.
2. Identify the networking patterns of Up-country Tamil business in Sri Lanka.
3. Examine the socio-political barriers and particularly explore specific social and cultural norms that are ‘anti-entrepreneurial’, as well as those which are ‘pro-entrepreneurial’, that prevent or enable them to undertake entrepreneurial activities

1.6. Chapters Outline

This thesis is organized into eight chapters. Following this Chapter which introduces the different features of ethnic Tamil entrepreneurship, and highlighting the importance of studying Up-country Tamil entrepreneurship in Sri Lanka as a separate category among the other ethnic groups and especially the mainstream Tamil entrepreneurial groups, Chapter II attempts to build up a conceptual framework, which will be applied to examine the entrepreneurial practices of the Up-country Tamils. Locating the idea of outsider or the little tradition entrepreneur will be suggested as a useful approach in scrutinizing the entrepreneurial mobility of a marginalized community. The conception of the entrepreneurial mechanism will be focused on three aspects of the study group: the individual, the nature of accumulating material and social capital, and the socio-cultural profile of the community. Furthermore, the notion of social capital and its specific extension of bonding and bridging will be stated as a useful way to analyse the communitarian aspect of the entrepreneurial momentum of the study group. Lastly, the theoretical significance of understanding the internal mechanism of the market as a system will also be discussed.

Chapter III contributes to explain method, data collecting techniques and the steps followed in the research. Three major areas situated in Central Highlands of Sri Lanka have been selected as research areas considering the density of the Up-country Tamil population and their businesses. The interviewing method, *sociogram-sociometric* mapping, focus-group discussions and personal observation that have been used to collect additional sources of data that was significantly important in ethnographic research will be descriptively discussed in this chapter.

The challenges, limitations and the solutions pursued in each step will also be presented at the end of the chapter.

Chapter VI devotes formulating a macro-level understanding of Tamil entrepreneurship. Both primordial and situational aspects of ethnic economies will be used to understand the entrepreneurship among different Tamil groups. Much historical and chronological documentation will be used to build the heritage of Tamil business identity. Three-fold theories, namely *Kshatriya* or Aristocrat theory, the *Brahmin* or Sacerdotal Theory and the *Vaisya* or Traders Theory have been formulated by historians to explain the transmission of Indian culture.

This transmission particularly to the Southeast Asia will be emphasised. In addition to the above approaches, *Shudra* or slave aspect has been suggested here as a supplement to the diasporic expansion of Tamil communities as a result of the worldwide expansion of colonial plantation economy. A greater portion of the chapter is dedicated to the literature on *Nattukottai Chettiars* and their mercantile history in South and Southeast Asia and other parts of the world. Moreover, other Tamil business groups such as Tamil Muslims who are predominantly disseminated in South India, Sri Lanka, Singapore and Malaysia, and the Sri Lankan (Jaffna) Tamils in Malaysia will also be considered. A brief statement about the current trend of the Sri Lankan Tamil business synergy in the US, the UK and some other European and Scandinavian countries will also be noted.

Chapter V provides a historical overview of the Up-country Tamil community. How they established themselves in the Sri Lankan geo-political arena, the factors that delineated them as a marginal ethnic group, and the way they built social capital

through embedded ties such as religion, kinship and politics will be discussed. The chapter also will carry a descriptive discussion on social and economic achievement within the plantation sector. Adequate reasons will be given to explain the rise of the *Kanganis* as a new social class within the plantation system and later into the business sector. Moreover, the role of caste will be taken into the discussion as a crucial factor that created social disparity within the community's upper castes, promoting a movement to the top of the class hierarchy. In addition, the chapter will discuss about the business approaches of some disadvantaged groups who have been pushed from the plantation system due to unemployment and pulled by the demand for lower-ranking jobs such as porters and shop assistants in the urban sectors, and these circumstances have led to the emergence of a separate style and entrepreneurial class within plantation Tamils.

Chapter VI demonstrates the major networking patterns and reciprocity of Tamil entrepreneurship, using empirical data particularly collected from interviewing and *sociogram-sociometric* mapping systems. It has tried to formulate specific trends such as inter-geographical, trans-cultural, trans-ethnic, and modernization of attitude as the basic components of the Up-country Tamil market makers who moved away from their initial ties in order to overcome the barriers of bridging. It has devoted considerable space to present several examples of micro-scale social and fiscal capital accumulating patterns extracted from the research field. The reciprocity between neighbours, relatives, businesses and general friends, customers, and other organizational firms has been discussed as a crucial factor of their entrepreneurship. The attempt to quantitatively measure network relations and their values will be given an additional empirical note in the study.

Chapter VII carries an in-depth ethnographic analysis on the pertinent constituents of the Up-country Tamil business activities such as, gender, traditional and modern saving patterns, attitude towards loan and business, and businessman-customer behaviour. Particularly, the gender-based labour division indicates steady signs within Up-country Tamils and it reflects from business activities. Although the gender-based attitudes will be seen as an additional strength to the family business, the study identifies it as a factor of hindrance for female entrepreneurial identity. Moreover, the attitude towards loans and business also will be discussed as an extension of the same context. The saving patterns like *seettu* mirrors the communitarian characteristics of the bottom level of the society. Further, the short ethnographic discussion on businessman-customer behaviour will be taken up to embody the innovative, entrepreneurial and managerial potentialities of the focused ethnic enclave.

Chapter VIII provides a summary of the thesis and concludes the main thesis of the study.

1.7. Summary

This introduction has emphasized the different features of ethnic Tamil entrepreneurship. Particularly, it has highlighted the importance of studying Up-country Tamil entrepreneurship in Sri Lanka as a separate category among the other ethnic groups and especially the mainstream Tamil entrepreneurial groups such as *Nattukottai Chettiars* and Muslim-Tamils. In terms a policy was also held that the current study will be important in enhancing the socio-economic well-being of the Up-country Tamil community. This could be useful as an explorative

source for worldwide development practitioners whose work is attached to social empowerment programmes among similar disenfranchised and marginalized groups. This chapter has also stressed the theoretical significance of study by stating its contribution to the development of the disciplinary field on ethnic entrepreneurship. The cultural and instrumental particularities are the main themes that have been subjected to the ethnic entrepreneurship discourse among the academics that have formulated theoretical propositions based on the entrepreneurship of mainstream communities. This study will also pay particular attention towards formulating a particular sociological discourse on the 'little traditions' and its associated entrepreneurial groups. A chapter outline of the thesis is inserted at the end of the introduction to facilitate the readers to comprehend main contexts of each chapter.

Chapter II

2.1 Theoretical Framework

For the purpose of this study, concepts such as entrepreneurship, social marginality and social capital have been employed as the key theoretical concepts. The concept of ‘entrepreneurship’ directly represents the agent who performs entrepreneurial actions. As such, this brief introduction on entrepreneurship seeks to demonstrate its conceptual complexity and illustrate the terminological significance of evaluating entrepreneurial relationships between the agent and the structure. In view that the research community is being studied the bottom level among the Upcountry Tamils has been identified as a marginal social group. Accounts of marginality are considered crucial in comprehending the peculiar networking characteristics associated with this group.

Meanwhile, social capital is associated with social action or the networking ability of the individual, where notions of ‘bonding’ and ‘bridging’ provide extra specific access to the peculiar attributes of the networking pattern of the Upcountry Tamils in Sri Lanka. Moreover, it suggests the significance of comprehending the market as a system that is manipulated by market makers. Therefore, these concepts could be useful in examining three stages of Up-country Tamil entrepreneurship: (1) the little traditional business approach of disadvantaged groups (2) the nature of their networking patterns, and (3) the innovative and entrepreneurial capability of individual market makers.

2.2 Defining Entrepreneurship

Entrepreneurship has been a topic of academic and philosophical discussion amongst economists, sociologists and psychologists (McClelland 1971, Wilken 1979). Even though the early participants in the discussions did not use the term ‘entrepreneurship’, they attempted to accurately define it and interpret its characteristics³. However, the early philosophical puzzle where the structure and agent issues were seemingly related to the matter of the emergence of entrepreneurship, some scholars have recently argued that the emergence of entrepreneurs is determined by economic development, while others prefer to conceptualize entrepreneurs as creating economic growth and development. For instance, the increase in per capita income causes the demand for goods to increase and a greater amount of savings is available for investment. The accumulation of capital leads to productivity increases and it results in the further increase of economic growth (Wilken 1979). The same argument was investigated

³ Hoselitz (1951), attempted to figure out the earliest uses and meaning of the term entrepreneurship. He found three definitions of the word ‘entrepreneurship’ in a French dictionary published in 1889; the general meaning of those words simply refer to a person who is active, who gets things done (Spengler et al. 1960: 235). He further addressed the English equivalents of the word ‘entrepreneur’ as it was understood in the seventeenth and early eighteenth centuries. The most common English word similar to the French entrepreneur was the word “undertaker” and some times “adventurer”. The second term was well known, from the fifteenth century with the meaning of “merchant adventurers” and it also was applied to Irish land speculators, and other entrepreneurs in farming drainage projects and similar occupations over the seventeenth century (ibid: 240). Even in the current period, there is no complete and commonly accepted definition on it, for example, Bogaert & Das defined it as “*Entrepreneurship is an ‘in’ thing*” (1988). Schumpeter (1950) tries to define entrepreneur as “*a person who is willing and able to convert a new idea or invention into successful innovation*”, but Carsrug & Brannback (2005) see the difference between entrepreneurship and innovation as; “*...entrepreneurship and innovation are related, they are clearly not the same thing. Innovations do not necessarily create the entrepreneurs to take those to the market*”. Knight ([1967], (Duru 2011: 42)), and Drucker (1985) identified ‘risk taking’ as distinctive characteristics of an entrepreneur; “*The behaviour of the entrepreneur reflects a kind of person willing to put his or her career and financial security on the line and take risks in the name of an idea, spending much time as well as capital on an uncertain venture*”. Although these attempts were successfully reached to the targets from their own perceptions, they were not successful in explaining its dynamism and action direction.

by Mark Cassion (2010; 14-15) whether entrepreneurs are “born” or “made” leading to almost all attempts of conceptualizing entrepreneurship to have move in-between these two intangible borders.

2.3 Mainstream and Outsider Entrepreneurship

The discussion above shows various efforts at developing theoretical approaches in formulating entrepreneurial behaviour among communities in different contexts. The majority of theoretical approaches focus their energy on identifying the entrepreneurship of “entrepreneurial groups”. These causally significant entrepreneurial groups could be spotted as ‘great tradition’ or mainstream business communities which are different from “outsider entrepreneurs” who are not usually significant in entrepreneurial roles. Therefore, this study attempts to define those causally less significant business roles or ‘little traditions’ of outsider entrepreneurial groups.

Max Weber was one of the first scholars to pay attention to marginal entrepreneurship. He used the term “pariah capitalism”, which has also had the effect of degrading the mercantile activities of particular communities ([Weber 1946: 66], Jiang 1968: 366). Although, Max Weber referred to the occidental Jewry from late antiquity to the present and the Parsees in India as marginal groups, the basic fundamentals of his interpretations on pariah entrepreneurship could be applicable with regard to other marginal entrepreneurial groups. Many scholars have used Weber’s concept to develop the marginal and minority entrepreneurship, which rises in the face of social and cultural burdens. For instance, a prominent argument presented by a group of scholars is that entrepreneurship is very often

promoted by social marginality. Considering the long tradition of research that dates back to the work of Sombart (in Kalantaridis) suggests that creativity and the ability to break traditional values, usually associated with entrepreneurship, is frequent among marginal and minority groups than the larger population (Kalantaridis 2004: 49). The non-acceptance of marginalized groups in the host societies, reduce the obstacles such as traditional values and norms of individuals to influence their economic behaviour. Individuals or groups on the margins of a given social system or between two social systems are believed to provide the personnel to fill entrepreneurial roles. The turn to entrepreneurship and mercantile activities may be determined by religious, cultural, ethnic, or migration, and the marginal social position of these groups is generally believed to have the sociological effects which make entrepreneurship a particularly attractive alternative.

Hoselitz et al. (1963) provide theoretical constructs in the context of social marginality focusing on the impotency of social groups rather than individual economic agents.⁴ In contrast to an emphasis on marginality, there is also emphasis upon the necessity to some degree of social integration and cohesion within the marginalized group if entrepreneurship is to succeed. This factor emphasizes the need for some integrative bonds between entrepreneurs and the larger social system.

Marries and Somerset (1971) have emphasized this factor, claiming that an increase

⁴Marginality is generally used to describe and analyse socio-cultural, political and economic spheres. International geographical Union (IGU), defined marginality as, "The temporary state of having been put aside of living in relative isolation, at the edge of a system (cultural, social, political or economic), ... in mind, when one excludes certain domains or phenomena from one's thinking because they do not correspond to the mainstream philosophy" (quoted in Gurung & Kollmair 2005: 10). Sommers uses a holistic approach to define marginality; emphasizing comparative backwardness of a given society in terms of economic, political and social well being. "Socio-economic marginality is a condition of socio-spatial structure and process in which components of society and space in a territorial unit are observed to lag behind an expected level of performance in economic, political and social well being compared with average condition in the territory as a whole" (Sommers et al., 1999:7; Gurung & Kollmair 2005: 10).

in the scale or range of interaction is necessary and that barriers to interaction must be broken down if entrepreneurship is to occur. Group solidarity and resources at hand are also crucial factors dealing with entrepreneurship. According to Wilken (1979) social marginality is determined by social-isolation, for instance, being an immigrant and being a member of a minority group are the fundamentals of marginal entrepreneurship. It considers the space of access to the mobility channel within marginality is inevitable in definition. Wilken states:

...Hence, marginals are likely to play entrepreneurial roles under opposite conditions than are actors from the societal mainstream. The legitimacy of entrepreneurship will influence which of these two potential sources of entrepreneurship will be predominant in a society. In situations in which entrepreneurial legitimacy is low, mainstream actors will be attracted to the non-entrepreneurial roles, and entrepreneurial roles will be relegated to marginals. But in situation in which entrepreneurial legitimacy is high, mainstream actors will use the entrepreneurial role as a mobility channel, and marginals will have to find other roles as means of mobility. This later situation is characteristic of some racial and ethnic minorities (1979: 2).

At its basic minimum for the importance of legitimacy and social mobility to exist, the positive ideology should consist of the norms and values of the marginal group. The turn to a positive attitude toward entrepreneurship is determined by the degree of legitimacy or approval of the particular society. Wilken also presents a formula to address the relationship between entrepreneurial legitimacy and social mobility within two different groups: mainstream and outsiders.

Table 2.1**Relationship between Entrepreneurial Legitimacy and Access to Mobility Channels**

		Degree of Entrepreneurial Legitimacy	
		Low	High
Access to Mobility Channel	Low	Outsider Entrepreneurship	Non Entrepreneurial Roles
	High	Non Roles	Entrepreneuria Mainstream Entrepreneurship

A high degree of group solidarity or cohesion could be the significant consequence of extreme social blockage. Meanwhile, this assumption represents the notion that intermediary-level social integration could be constructive in the attainment of social progress. Uphoff (2000: 215-253) identified the structural and cognitive characteristics as two distinguishing phenomenon predominant in highly integrated societies. For Uphoff structural capital associates with various sorts of social organizations in different forms of roles, rules or procedures and it mutually benefits collective action. The cognitive aspect of networking then emerges from a mental process derived from cultural productions mainly associated with norms and values. Such ‘institutionalized behaviour’ has also been broadly described by Scott (2001) as the three pillars of regulative, normative, and cultural-cognitive systems that are vital ingredients of institutions. The normative-evaluative system may not only accord approval to entrepreneurial behaviour but it may also more actively encourage individuals to rely on such a style.

The greater contacts with ethnic entrepreneurship have the environment of marginalized groups or minorities, their tendency to recruit and reward within the group increases. Their wider information network, more informal in-group contacts,

their mechanisms of mutual assistance can be used to raise capital; and their exemption from various customs and legal obligations of the larger social system could cause a sort of a 'defensive network' to surround them. They mobilize freely within inter-marginal spaces towards the entrepreneurial purposes. A similar logic appears, in *Suicide*, where Durkheim pointed out there are both regulative and integrative functions in religious and other social ties in marginalized societies (Pescosolido 1989: 33-48). The formation of such a group identity has also been identified as the most important factor even in contemporary business ventures. Ruef (2010: 11) suggests that entrepreneurs inherently eager to be coherent in their collective form, emphasizes three phases of group-identity formation: closed group, constrained group and open group. The formation of closed and constrained groups is an abundant marker in marginal communities. Therefore, these marginally specific ties may have both advantages and disadvantage in terms of application to the business sector. Since marginal social groups are inherently accustomed to depend on strong social ties, they should find alternatives to this form of dependency with development of external relations in the form of weaker ties to succeed outsiders.

Therefore, there is a great potential for its application to the concept of social marginality as a positive factor in creating business relations, and this conceptual background would be a useful way to evaluate the entrepreneurial behaviour of the Up-country Tamil community. Though the scale and the manner would be different, both mainstream and outsiders use social capital for their entrepreneurial purposes. For instance, Greve & Salaff preferred to state the entrepreneur as a "good networker" and his/her role is accumulating social capital, which is essential for

starting new businesses (2003: 3). Therefore, the pedigree of social capital has been discussed following as an extension of the theoretical framework of the study.

2.3. Social Capital in Networking Ability and Entrepreneurship

Social capital is a cross disciplinary concept which is widely used for varied analytical objectives. This concept was popularized by the media in the 1990s and is now used in academia, government and volunteer agencies in terms of understanding social relations and networking analysis, community development purposes and so on. The concept was broadened primarily by three thinkers, namely Bourdieu, Coleman and Putnam (Halpern 2005). Later a team of intellectuals contributed to the expansion of the concept. Fundamentally, however, it is held that social capital concerns the norms and value structure of the society that is created by collective and socially negotiated ties and relationships. It is essentially related to other types of capital such as human (skills and qualifications), economic (land, labour and money), cultural (mode of thinking), and symbolic (prestige and personal qualities). All these forms of capital are held in relation to each other and its impact is reflected in social, political and economic structures of the society in question (Edwards 2004: 81).

There are different arguments on the founding or earlier uses of the concept of social capital.⁵ It was mainly used by Karl Marx and it has directly influenced the

⁵ Putnam identified several writers who used the term without being known to one another: Loury, Bourdieu, and Coleman, as well as the sociologist of urban decline, Jane Jacobs (in 1961), and the social psychologists of suburban life John R. Seeley et al. (in 1956). He credited Jyda J. Hanifan, an obscure rural educator from West Virginia (in 1916) as the “first known user of the concept”. According to Woolcock there are four traditions of social capital appearing separately with the grand theorists of economic sociology: Marx, Weber, Simmel and Durkheim. He also adds Benthamite utilitarianism as a fifth tradition in this list (Farr 2004: 7). However, considering to its

development of how human capital was initially theorized and then how social capital emerged from it as a further extension of the concept. It was developed further by different scholars and practitioners in thinking about the notion of human capital and how it would affect processes associated with labour, which was identified as a stakeholder of investment schemes and then skills and knowledge has been considered as the crucial factor in the increase in profit margins (Lin 2001).

The idea of human capital is based on productive enhancement of labour through education and proper management of the relationship between different production relations. Therefore, the key idea of social capital refers to “investment in social relations with expected returns in the market place” (Ibid: 19). According to Bourdieu, education, social networks, artistic abilities, and cultural knowledge are particular forms of capital and these types of symbolic capital are also areas, which have been discussed under the law in terms of accumulation, inheritance and exchange that tangible form of capital. Later it becomes a widely used concept as a contribution to economic growth and prosperity, achieving better occupations, and business purposes particularly by economic sociologists worldwide.

The trend identified above has developed through the discussions on network relations mostly from the contribution of sociologists such as Granovetter 1973; 1985, Burt 1992; 1997; 2003, Woolcock 1998, Woolcock et al. 2000, Uzzi 1999,

foundation history, John Dewey who introduced critical practicality as another tradition of social capital and by recovering features of the critique of classical political economy in the nineteenth century, from Edward Bellamy, John Bates Clark to Karl Marx that considered in Henry Sidgwick's and Alfred Marshall's phrase, “capital from the social point of view” should be important in cooperative association of the conception of social capital (ibid). However, considering these all origins, Woolcock et al. (2000: 225-249) classify them in to four distinct approaches of social capital communitarian, network, institutional and synergy.

Putnam 2000, Lin 2001; 2008. The network view is important in formulating norms and the trust of a particular ethnic group as the initial elements in the formation of social capital. Although theorists consider social networks as a key component of social capital, the study of social networks started before the creation of the social capital.

There is also evidence of the usage of network mapping systems by social psychologist Dr. J. L. Moreno (1934). He envisioned specific groups of people mapping the entire New York City (Cross et al. 2003: 4). In the past networks were used to study society from the structural perspective.⁶ The application of social networks in the social sciences has rapidly grown since 1970s and it has developed from the metaphor of social relations into a formal approach and paradigm (Scott 2002; Smith-Doerr et al. 2005). Granovetter (1985) noted that networks approach complements the deterministic cultural approach (oversocialized) and the individualist or atomized approach (undersocialized). Social networks shed light on many social phenomena such as terrorism, entrepreneurship and inter-organizational relations. The challenge for research on network relations is to explain emergence, activation and durability of networks.

Mostly, the network view has become popular among researchers and scholars as an approach for the study of primary as well as secondary social relations between groups and individuals. Networks represent kinship, family marriage, friendship and

⁶ However, the 'graph theory' of network is criticised by some writers. For instance, according to Cassion & Giusta, the mathematical analysis of network is a misleading and too simplified an interpretation. Inherently the graph theory involves many simplifying assumptions with restrict application for economic and business action. In the sense, it ignores differences of type of elements, and emphasizes only set of relationships, because its main purpose is network configuration (2010: 116).

many other societal accumulations, norms responsible for individual actions and cultural beliefs, and trust appears as psychological fulfilment of individual relations. All kinds of capital in any forms of fiscal or human-social, support future productivity of individuals and groups in civil society, but not necessarily in economic terms. Considering all these characteristics together social capital, complexly conceptualized as cohesions of people bonded as network of associations, activities or relations, certain norms and psychological capacities, particularly trust on business activities, collective actions or goods, or political security which are essential for civil society.

The network view refers also to the importance of vertical as well as horizontal alliances between people and relations within and among organizational bodies such as community groups and firms. Some have noted that these community ties differ in differing contexts taking on stronger and weaker forms. These networks could emerge in formal or informal settings such as voluntary organizations, welfare societies or inter-group social divisions based on religion, class, caste, kinship, ethnicity, or gender status. For instance, the work of Lin Nan is important in understanding the contribution of an individual towards the group, the return or profit gained by group or individual, and the measure of acquirements. Lin addresses two types of resources, an individual could benefit from: personal and social. Personal resources are acquired by an individual through the ownership of materials, which may have symbolic value, for instance, a good job or better social status. Social resources are determined by the individuals' social connections (Lin 2001: 22). According to Flap, "[social capital] is resource provided by alters who have strong relationship with ego", and he specifies three basics of social capital (1)

the number of persons within one's social network who are prepared or obliged to help you when called upon to do so, (2) The capacity of relationship indicating readiness to help, and (3) the resource of these individuals (ibid).

Networking pattern could vary from society to society, depending on which stage, such as primary or secondary. It does not mean that network necessarily takes form in formal or informal relations. Sometimes network analysis goes beyond the sociability between kith and kin, families, friends, or neighbours. The reciprocal network relations could appear between two individuals, an individual to a group or an individual and social institution such as a bank. Therefore, the key mechanism of the network is reciprocity (i.e. 'the Golden Rule'), which is defined by "doing for other if they have done for you" (Cote et al. 2007: 1).

The individual action has less importance in terms of social capital, but it accumulates social surplus since it interacts with social action. This saying "it's not just what you know but who you know" succinctly captures the difference between human capital and social capital. The aim is to appreciate how action is related to interaction and role of agency in the process of rallying social capital in a purposive action. Therefore, networks play a crucial role in terms of constructing the theory of entrepreneurship. For Cassion (2010: 115), "Networks are used by entrepreneurs to synthesize information from different sources in order to discover profit opportunities". With an opportunity is identified, entrepreneurs can utilize networks to make contact with potential financial sources such as institutional and individual.

2.4. Bonding and Bridging

The concept of bonding and bridging, which has been developed under the theme of social capital, could be one useful way of examining Up-country Tamil entrepreneurship. These social ties and their economic functions have been discussed extensively by scholars. Granovetter (1973), Putnam (2000), and Woolcock & Deepa (2000) use the concepts “bonding” and “bridging” to explain the initial situations and advanced stages of networking in terms of enhancing entrepreneurial capacity in a given society. The concept is significant in explaining particular types of networking patterns of societies with primordial social relations. For instance, primordial ties such as caste, kinship, neighbourhood, or family ties would be affected as bonds stagnating social life while, breaking of these bonds or initial social ties could be used in bridging intra community networks as productive elements in the development process. Bridge et al. (2009: 190) classify the diversity of these concepts as bonding social capital associated with a strong bond which acts as a social glue, while bridging social capital is characterized by “weaker and less dense but more cross-cutting ties” which proceed as a ‘social oil’. The authors also discuss one more dimension of social capital, which is formed by linkages with the various power groups like politicians and influential civil society individuals. However we prefer to take this third dimension as an advanced extension of the bonded relations for the purpose of this study.

The micro-level or small-scale entrepreneurs highly depend on bonding with kin and kith, neighbours or friends for support, credit and insurance at the initial stages. The extra-community bridging becomes important in further expansion by ceasing from the traditional level of the businesses for a prospective entrepreneur. However,

when extra-community networks (read: bridging) and intra-community networks are low, it may give rise to a decline in social capital. A high level of bridging and low level of bonding may cause rural-urban migration or a break away from the initial stage. Poor villagers, for instance, illustrate the opposite of the above situation: low bridging and high bonding. Successful entrepreneurs are capable of enhancing both these factors at higher levels (Woolcock & Deepa 2000: 231).

The concept of bonding and bridging has also been used by Woolcock and Deepa to examine the well-known '*Grameen Bank*' model in Bangladesh where poor village women successfully carry out small businesses through little or no material collateral based primarily on their membership in a small group. They use five stages to explain bonding and bridging circumstance of poor village communities to move from a defensive condition to an offensive one in their business activities (Ibid: 232-233). The *Grameen Bank* model of Bangladesh is considered a well-organized welfare and micro-credit based development programme; but the concept of bonding and bridging is also applicable for investigating informal, marginal or minority businesses. In such groups, embedded ties provide strong social security of the initial stages of micro and small scale enterprises. This strong in-group relation has been heavily studied and related to social network literature of classical sociologists such as Park & Burgess (1921), Lazarsfeld & Merton (1954), and Simmel (1971), who used the term homophily to explain the particular characteristics of a gathering of similar kinds.⁷

⁷The homophily is a concept coined by Lazarsfeld and Merton in 1954. The etymology of the term comes from homo=self and philia=love (Currarini et al. 2008: 3)

McPherson et al (2001) employ the term ‘homophily’ to explain the homogeneous networking principle that is often available in terms of business or other social purposes. Therefore, the concept of homophily is important in understanding the characteristics of bonding relations of a traditional group for different purposes including businesses. For McPherson et al., “homophily is the principle that explains how contact between similar people occurs at a higher rate than among dissimilar people. “The pervasive fact of homophily means that, cultural, behavioural, genetic, or material information that flows through network will tend to be localized” (Ibid: 416). McPherson further explains the basic principle of homophily using the historical Greek saying “love those who are like themselves” (Ibid), and the popular English proverb “birds of a feather flock together” (ibid: 417). According to Rogers, (2003:135) homophily is the degree to which a pair of individuals communicate with those cum similar socio-economic characteristics. These similarities may occur as a result of certain attributes, such as belief, education, social status and so on.

The divisions of homophily such as ‘baseline homophily’ and ‘inbreeding homophily’ are useful in extracting the variations of practice. Baseline homophily is normally the level of similarity that would be expected by the occasion and the inbreeding homophily is the amount of equality, which goes beyond this expected value. Lazarsfeld & Merton (1954) explain the same characteristics of homophily using two terms: ‘status homophily’ and ‘value homophily’. Status homophily derives from the social position that one earns either formally or informally. Value homophily is rooted in values attitudes and beliefs which come from achieved characteristics like education, behaviour pattern, or occupation and ascribed

characteristics like race, age, skin colour or sex. When the two types of conceptions are compared, generally migrant minority groups gather for their different purposes based on this means. Janjuha-Jivaraj in this discussion on Asians in Britain argues that ethnic communities are vital in facilitating the economic development of their migrant members. The informal support of the kinsmen succeeds in making the transition from economic refugees to citizens in Britain. The support of the nucleus family members and kinship ties has been important factors in negotiating the highly competitive ethnic market. Informal networking support such as financing, labour, information and other forms of embedded-holds are highlighted in Asian businesses in Britain (2003: 31). Evans demonstrates the traditional caste community activism in Kerala as an attractive example for the micro-level accumulations of social capital based on bonding-bridging relations from private to public (1996: 1125).

Likewise, Nan Lin states that bonding and bridging is none other than the extension of networking relations from the inner layer to the outer layer (Lin 2008: 61). In his words: “social capital does not bind or bridge. It is the nature of the social networks that bind, bond or bridge” (Ibid: 62). In this sense, bridging is seeking solidarity and preservation for a particular person or the group, fastening relations or dense network benefits with the sharing and mobilizing of resources. When individuals or the collective is not satisfied with internal circle of the social network, they will seek links with outer layers of networks for different and better resources.

Lin also likes to use the fundamental networking principles of homophily and heterophily to formulate the extension of social networks from internal circle to the

external relations which are unequal. His criticism, however, does not explain the gaps or subtle variations between internal and external circles of social network. The entrepreneur will never expand his/her network from the initial step to the secondary step without distinctive conflict of normative evaluative resources of traditional social structure. However these traditional bonds of mutual obligations do not support to go beyond the horizontal expansion of their businesses (Woolcock & Deepa 2000; DeFilippis 2001; Dominguez & Watkins 2003; Lockhart 2005). Therefore, the bridging social capital is needed for vertical extension of their businesses, particularly when they are bridging their businesses from private spaces to the public spaces. So, the importance of bonding and bridging exists in terms of studying particular societies that are highly tied to traditional social relations. As a whole, social networking through bonding and bridging is an appropriate approach to investigate the level of success of the entrepreneur in terms of managing different social capital gains from internal and external circles of network.

The networking ability is important in terms of measuring success and failure of a business entrepreneur. According to Uzzi (1999) the expansion of social capital means making links to the embedded ties. A successful entrepreneur deals with these two types of networks. He argues that embedding commercial transaction in social attachments gains firms that are looking for financing by encouraging distinctive governance mechanisms and the transfer of private information factors that stimulate commercial institutions to find integrative solution to financing problems beyond those that are possible through market relations that gains diverse advantages (ibid). Uzzi tries to examine different kinds of access and governance benefits in market exchanges elaborating concepts of embedded ties and 'arm's-

length' ties. Particularly the banks prefer to release their loans to their borrowers who are well networked with embedded ties and arm's length ties; and it gains more advantages for both parties: i.e. low risk for the bank and lower interest rates for the borrower.

The social embeddedness framework refers to how the social structure affects the financial market. Uzzi concentrates on the distinctive characteristics of the concept of arm's length relationship as a comparable but varied from of embedded ties. He quotes Hirschman who notes that "Arm's-length ties are characterized by lean and sporadic transactions and "function without any prolonged human or social contact between parties... [who] need not enter into recurrent or continuing relations as a result of which they would get to know each other well" (ibid: 483). According to Weber, these types of relations are characterized as lacking in social distinction and having communicative nature that "knows nothing of honour" (ibid). Therefore the proportion of the arm's-length ties determines how far they prove beneficial for receiving varied information in a market setting through public contacts.

The study of expanding network relations from individual to structure is taken up by Roland Burt who presents his structural holes approach, which corroborates links of gathering information and other resources within the social network. He uses the term 'structural hole' for the separation between valuable contacts. Therefore, a structural hole is an association of usefulness between two contacts (Burt: 2003:22). Burt also describes how the social network is a function of brokerage opportunities in a network. According to his argument, less integration of structural holes is a common feature of an imperfect market. In an imperfect market, certain people are

connected to certain others; the whole market functions based on trust, obligatory support, and depend on exchange and negotiating with certain others. This is in contrast to an innovative market, where entrepreneurs could benefit by identifying and reconnecting between individuals the holes in the structure of the market:

Social capital in terms of the information and control advantages of being the broker in relation between people otherwise disconnected in social structure. The disconnected people stand on opposite sides of a hole in social structure. The structural hole an opportunity the broker the flow of information between people and control the form of projects that bring together people from opposite side of the hole (Burt 1997: 340).

Therefore, network rich in structural holes create more opportunities for the innovative entrepreneur. Handling of these opportunities is subject to entrepreneurial capacity of successful businessmen. The networker should be capable of enhancing the skills of people and bridging the interpersonal relations of social structure. Entrepreneurial net-workers are smart to make inexpensive coordination relative to the bureaucratic alternative. Managerial intervening is important in these issues in terms of amalgamating a spoiled or broken structure.

Burt illustrated four initial qualities of structural holes in his argument: (1) “competition is a matter of relations, not player attributes”; (2) “competition is a relation emergent, not observed”; (3) “competition is a process, not just a result”; (4) imperfect competition is a matter of freedom, not just power (Burt 1992: 3). This explanation can be taken as a greater contribution towards identifying and utilizing the constructive phase competition rather than a negative fact in the current market environment. The innovative entrepreneur does not take the market as a competition; it makes structural holes and provides more secure productive relations. The actor has to utilize the information benefits and control benefits through the competitive business milieu. The competition is a dependent variable to

the emotions or feeling of the players. When competitors come to an equivalent level, emotions reach the peak and that could mislead people to continue the competition. So breaking the parallelism means, the competition is gone. Burt states, "Competition is an intense, intimate, transitory, invisible, relationship created between players by their visible relations with others" (ibid: 4).

Furthermore, competition is a very natural phenomenon within the process of marketing. Therefore, a successful entrepreneur eventually expects more risk and competition. In this sense, the entrepreneur who depends on internal network through strong ties will take a low risk over his/her competitive environment. On the other hand, if he/she prefers to expand the external network through extending competitive environment it will earn more benefits.

Granovetter (1973: 1360-1380) illustrates that bridging weaker ties were very important to find better jobs for job seekers. As such, the success and failure of an entrepreneur is determined by the capability of networking with outsiders. The entrepreneur who expands his/her network to the larger community without depending on strong ties of the internal circle will become successful in the business. In other words, more information and resources are obligated to the entrepreneur who expects to broaden his/her business network, and he/she should be a high risk taking personality. Because, the weak ties of external circle are manipulated by high risk- high profit formula, while wider 'bridging' social ties promote people to go ahead from 'private' to 'public' (Fukuyama, 1999; Putnam, 2000; Edwards et al. 2003: 7; Edwards, 2004: 84). Lin explains this mechanism by presenting his resources of interaction pattern gained by motivation for action. In

the perspective of social interaction in terms of effort and return principle, more benefits can be earned from conducting heterophilous relations than homophilous relations (Lin 2001:48). Therefore, undermining of the traditional social order and civic engagement creates newer avenues for economic prosperity.

It also argues that the concept of nodes and ties is imperative to understand the initial stages of individual network between family members, relatives, neighbours or friends. When we consider entrepreneurial networking patterns, these primary level networks are important to start a new business under low level of risk and high level of social security⁸. However, when somebody is needed to increase his/her profit through developing their business, they are required to make their business networks bigger.

Different scholars have employed different concepts such as bonding and bridging, homophilous ties and heterophilous relations and also structural holes to describe this mechanism of widening business network from basic level to external relations. The argument of this thesis, about the causal mechanism of the Up-country Tamil entrepreneurship determines the capability to bridging their network to heterophilous relations and ability to manage different structural holes for the

⁸ Initial Predictions of efforts and return for purposive action and interaction (without taking structural constraints into account)

		<i>Resources of Interaction Pattern</i>	
		<i>Homophilous</i>	<i>Heterophilous</i>
<i>Motivation for Action</i>	<i>Maintaining resources</i>	<i>Low effort/ High return</i>	<i>High effort/ Low return</i>
	<i>Gaining resources</i>	<i>Low effort/ Low return</i>	<i>High effort/ High return</i>

enhancement of business goals. In other words, the entrepreneur who depends on strong ties of embedded relations always maintains his business under a low-risk low-profit mechanism, while a high risk taking entrepreneur successfully gains new information and valuable resources through bridging to external networks.

2.5. The Function of Market

The identification of the market as an institution may be helpful in comprehending its internal mechanism. The normative elements of a society's institutions are responsible for expectations about the action of an organization or an individual. According to Petrovic et al. (2011), one of the main activities of an entrepreneur is to 'make' markets. Therefore, studying the market making action of an individual or a group, or an organization formulates the nature of entrepreneurship. Petrovic et al. also have identified that, this process has been happening in large-scale market systems, where "...markets are not simple, spontaneously occurring self organizing structures. Rather they are made, maintained and reproduced by economic actors, typically large firms that act as market makers" (Ibid: 32). This is important in understanding the characteristics of the entire marketing process as a project, and as an institutionalized occurrence manipulated by the agents of a capitalist system.

Thus the market may be identified as a social institution. The institutional role of the market determines the three fold relationship of market (mechanism of exchange like price, contracts and money), actors (firms, consumers and workers) and products (goods, service). Moreover, Petrovic et al. argue that the entire function of the market such as buying, selling and choosing of goods and services

is a purposive action of innovative and entrepreneurial market makers (ibid: 36). The market making economic actors start various types of interactions with each other. The market transactions such as competition, co-operation and control are significant characteristics among these.

For Schumpeter (2003, 61-116), the major role of the entrepreneur is the introduction of innovation. Capitalism is a consequence of technological innovations. However, for Schumpeter, capitalism is not the ultimate goal of technological innovation, but it could be extended to an understanding of socialism too (Schumpeter, 1950). Wilken classifies three types of innovations: factor, market and material (1979: 62-64). In this sense, Wilken notes the role of entrepreneur is important in involving the combination of economic factors of production, such as, land, labour, capital and technology, and economic outcomes usually the production of goods and services (Ibid: 59). Philipsen listed Schumpeterian role of entrepreneur as, (1) “the introduction of a new good or a quality of a good”, (2) “the introduction of a new method of production”, (3) “the opening of a new market”, (4) “the utilization of some new sources of supply or new materials or intermediate goods”, (5) “the carrying out of some new organizational form of industry” (2008: 4). Therefore, these major characteristics of market maker have been applied in this research to analyse the entrepreneurial action of an individual.

Cassion (2010: 20) defines Market maker as a “*someone who specialized in making judgemental decisions about the coordination of scarce resources*”. He builds five arguments to support this definition: (1) entrepreneurship appears as a

personal quality which enables certain individuals to make decisions with far reaching consequences, (2) the entrepreneur has better-or at least more relevant – information than other people, (3) It is assumed..., that entrepreneurs are motivated by self-interest... to simplify the theory it is assumed that entrepreneurs operate their business purely with a view to maximizing the profit they obtain from a given amount of effort... although this assumption is clearly counter-factual, the resulting theory goes a long way towards explaining entrepreneurial behaviour , (4) the entrepreneur believes that he/she is right , while everyone else is wrong. Thus the essence of entrepreneurship is being different because one has a different perception of the situation, (5) the entrepreneur often has to create an institution to make markets between him and other transactors. Therefore, these ideas will be important as a useful way to understand the action of a market maker within the dynamics of a market-setting, which comprises consumers, competitors, cooperatives and so on.

2.6. Summary

This chapter has attempted to build up a conceptual framework, which will be applied to examine the entrepreneurial practices of marginal ethnic community, namely the Up-country Tamils. Locating the idea of outsider or the little tradition entrepreneur has been suggested as a useful approach in scrutinizing the entrepreneurial mobility of a marginalized community. The conception of the entrepreneurial mechanism has been focused on three aspects of the study group: the individual, the nature of accumulating material and social capital, and the socio-cultural profile of the community. Furthermore, the notion of social capital and its specific extension of bonding and bridging were stated as a useful way to analyse

the communitarian aspect of the entrepreneurial momentum of the study group. Lastly, the theoretical significance of understanding the internal mechanism of the market as a system was also discussed.

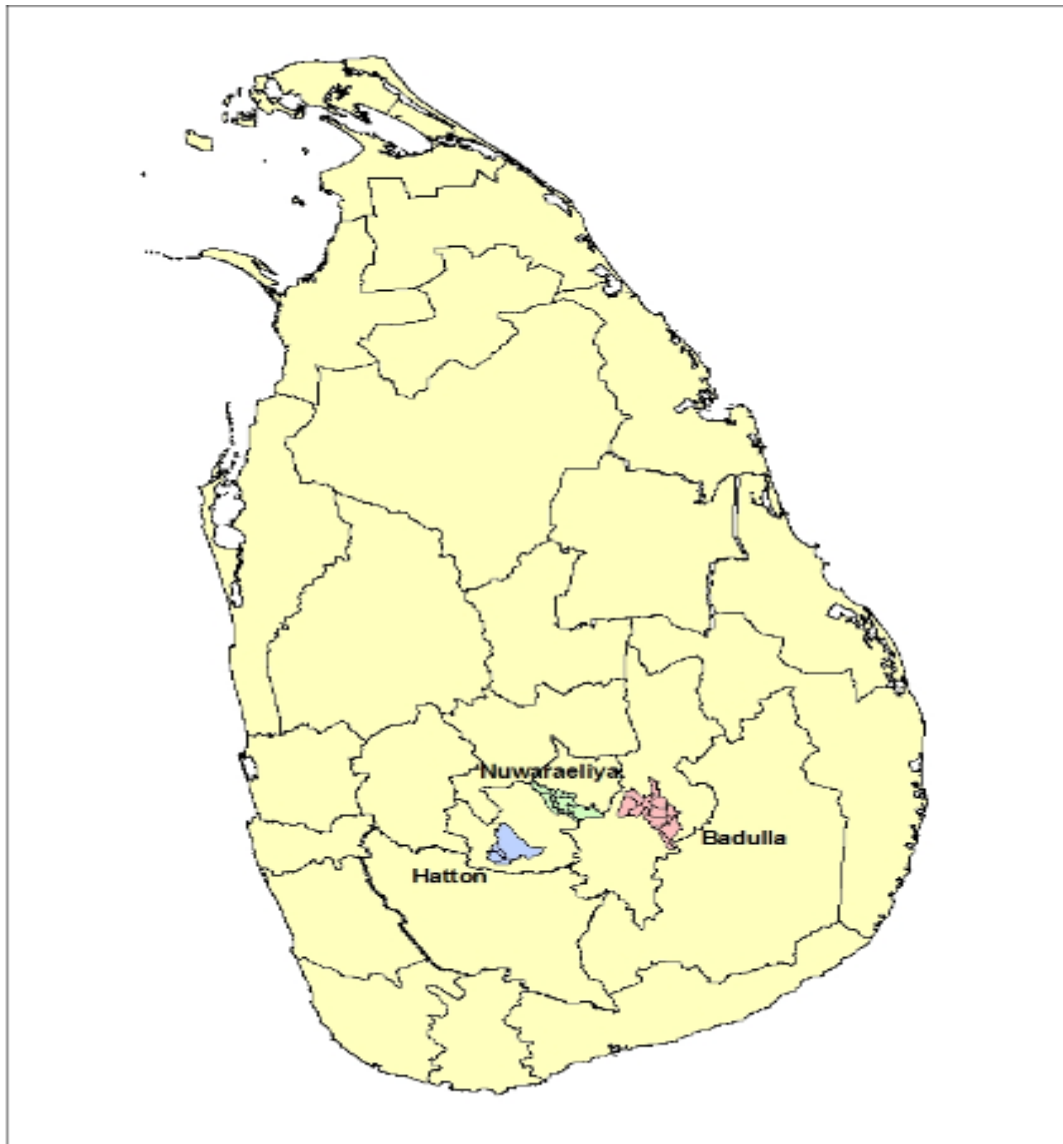
Chapter III

3. Methodology

3.1. Research Field

In order to achieve the primary aims of this thesis, the sample selection of communities has been based on the following characteristics: (1) the most concentrated area in terms of historical dissemination of tea plantations in Sri Lanka (2) one of the more populated areas by the Up-land Tamil community, and (3) comparatively highly concentrated area of the Up-land Tamils in terms of existing business activities. Therefore, three major towns Nuwara Eliya, Badulla and Hatton, which are highly populated by the Up-country Tamils were selected as the research field. These three areas also belong to the Nuwara Eliya and Badulla districts in Sri Lanka.

The Location of Research Field



Nuwara Eliya

Nuwara Eliya is a district with the highest Up-country Tamil population, with the total Tamil population surpassing the majority Sinhalese population across Sri Lanka. In the census of 2001, the total Up-country Tamil population in the Nuwara Eliya district was recorded as 355,830 representing 50.6 percent of the total population of the district (Central Bank of Sri Lanka 2001).

In the town of Nuwara Eliya and its adjoining vicinities, many buildings still portray a glimpse of the colonial period, and even new constructions such as hotels and personal bungalows are often built and furnished following the architecture of the colonial era⁹. In particular is the arrangement and stylizations of home gardens and public spaces, which still mimic English traditions. The Hill Club, the Golf Grounds and the Horse Race Track, which are located in the Nuwara Eliya Municipality, are the residuals of the Colonial era.

Badulla

Badulla comes next with the highest Up-country Tamil population dispersed in the district recording 18.4 percent from the total population of the Badulla district (ibid). Badulla is also a popular historical site situated to the southeast of Kandy, and at about 680 meters above the sea level it is almost entirely surrounded by tea plantations. It was one of the bases of the Kandyan Kingdom until the British invaded it in 1803 and made it an administrative centre under the British colonial government in Ceylon. The city is the end point of the upcountry highland railway line constructed by British in order to transport tea products to Colombo.¹⁰

Hatton

Hatton is a small town situated in the Nuwara Eliya District, and is a considerably important centre for Sri Lankan tea plantation and industry. Hatton is locally administered by the Hatton-Dikoya Urban council. According to the Census and Statistics Department, in 2001 the Hatton Urban area had a population of 14,255

⁹ The climate in Nuwara Eliya area was identified as favourable to maintain their lifestyle by the British planters, and the cool weather condition promoted them to install all constructions into European architectural patterns.

¹⁰ Sri Lanka was conquered and ruled one after the other by three main Western nations such as Portuguese, Dutch and British from 1505 to 1948. The British period of Ceylon begins in 1815, with capitulation of the Kandyan Kingdom, and it continued up to the independence of Sri Lanka in 1948.

with an ethnic composition of Sinhala 3,752 (26.32%), Sri Lankan Tamil 3,278 (23.00%), Up-land Tamil 4,713 (33.06%), Sri Lankan Moors 2,309 (16.20%), and others (Berger, Malay) 203 (1.42%), (Department of Census and Statistics – Sri Lanka 2001).

The three locations identified above are important, in considering the British colonial era in Sri Lankan history. Particularly the picturesque surroundings including the world heritage environmental zones such as Horton Plains National Park, Knuckles Mountains and Adam's Peak (*Sripada*) are located few hours away from these three town areas. The whole region is situated above 2000 meters from the sea level at Central highlands in Sri Lanka. Furthermore, all three regions have been populated from the pre-colonial, colonial and postcolonial eras. Therefore, the research area is considered ideal in encompassing all needs of the sampling procedures such as geographic, cultural and demographics for the current study.

3.2 Target, Study Unit and Sampling

The sample of entrepreneurs consisted of 76 micro, small and medium level Up-country Tamil entrepreneurs who represent the three town areas, namely Nuwara Eliya, Badulla and Hatton. The owner of the enterprise has been taken as the unit of the respondent. Twenty business-people were selected from each town area. At least twenty business owners in each town were selected using a random number sequence. The Business Registration Directories which are recorded under the Divisional Secretariat's offices (Appendix II) of each area were used as the sampling frame. 72 entrepreneurs in this region were males. Four (04) female

entrepreneurs were interviewed as a special sub-sample, as the issues are likely to be experienced somewhat differently by men and women.

The study is limited to entrepreneurs who have engaged in business for at least a year in order to understand the effect that networking has on their respective businesses. Personal interviews were conducted until their entire networking capacity was extracted, after building rapport through the direct and the indirect contact. Interview durations depended on the satisfactory level of outcomes of each meeting. Therefore, some of the interviews had to be conducted on more than one occasion. The networking personality of each individual, their embedded relations and bonded connections to the external communities were expected as the major outcomes of the interviews.

3.3 Data Collection Techniques

3.3.1 Interviewing

Interviews were used as the key data generating technique of study. The interviewee was randomly selected for the study sample. The person who holds his/her own business has been taken as the key interviewee. However, the additional details, which were forthcoming from shop assistants within the ongoing interviewing procedures had accounted purposively for further enhancement of the validity of data. The venue and time for the interview were established by personal meetings or through telephone conversations with the business owners. Sometimes the first visit proved successful and interviews were conducted on the spot.

Usually, in-depth interviewing does not result in answers in the traditional and/or systematic way. The purpose of in-depth interview is interesting in order to understand the vital experience of interviewees and the meaning they make of that particular experience. All interviews were scheduled so as to cover a whole range of details related to the business of the respondent (Patton 2002: 339-380; Seidman 2006: 9). Therefore, relevant to the occasion the interviewing procedure was flexible disregarding its order and basic framework. Therefore, the methodological flexibility gained more information in terms of “snowballing” data¹¹.

Most of the interviews were conducted at the shops while the business transactions were in progress, and a few after making prior appointments were arranged in the evening at the personal residences of business owners. All data related to the interviews have been documented. Therefore, the interviewing process was rather straightforward owing to the pre arrangement of semi-structuralized questionnaire (see Appendix I).

3.3.2 Sociogram-sociometric

Sociogram-sociometric mapping has been used as a helpful technique to get a clear picture of networking relationships amongst members of the social group (Quinn 1988). *Sociogram-sociometry* is the chart or tool used to find reciprocity of a social space; particularly in the business networking environment it is a useful tool. The egoistic networks of entrepreneurs have been mapped out manually. The egocentric circles and letters had been *drawn out and* spotted as key informant towards other

¹¹ Snowball sampling, chain, or chain referral sampling is known in sociology and statistics as a non probability sampling technique. The qualitative data is collected in this technique with widening its context like a rolling snowball.

network members using arrows (ibid: 90). Especially the strength ties have been highlighted using thicker lines compared to the weaker relations in the network for the purpose of the study. Ethnicity, rural-urban migration, kinship/caste, friendship and neighbourhood were the key demographic factors considered to bonding and bridging relations.

The key businessperson has been taken as the buffer of structural holes. A special dotted line has been used to draw the breakthrough of bonded to bridge relations. Both sides of the dotted-line have been drawn as different clusters of the network. The first network has been taken as the bonded one which consists of nuclear family members, relatives, neighbours and friends, while the other part of network separated from the dotted line has been used as the symbol of the bridged relations that was made up of direct business-based contactors which derives from outside communities, towns or bazaars. The *sociogram* has been administered by asking the business owner to describe an outline of the people in their own network, and identify them by the following labels: kinship, ethnicity, gender, caste, religion, occupation, and living area. Then, interviewees were asked to identify who is the most important in the network, who is of medium importance and who is of least importance and with accompanying explanations for their choice. I have made research notes of the conversation as they were constructing the diagram. I asked them to explain what types of resources they gain from each contact – namely, business information, business supply, and emotional support. I had also conducted a small pre-test to assess of the function of methodology.

3.3.3 Focus-group Discussions

Almost all adult Up-land Tamils are likely to be engaged in some types of income generating activities. Four types of social communities who are directly related to the theme of the study have been explored through focus groups. These groups included: (1) employees directly attached to the plantation labour force, (2) informal economy workers, (3) overseers (*Kanganies*¹²), and the Plantation Administrative Staff. Two focus group discussions were conducted with employees directly attached to the plantation labour forces, and two other groups were convened with informal workers, and two groups were selected within the overseers (*kanganies*), Workers Union Leaders (*Thalawars*¹³) and one within estate administration including superintendents, managers and accountants.

The number of members for each group was to be between 6-12 as well as representative of the larger population (Stewart et al. 1990; Patton 2002: 385; Hennink 2007). As such, the whole focus-group discussions had been conducted with an attempt at maintaining the theoretical determinants. Time allocation for each session depended on a satisfactory level of data generation. The duration of a typical session had been scheduled to conclude within 1-2 hours. Personal contact with elites of the community, regional officials of the government has been used as the sources for judging and selection of respondents who were appropriate for each focus group. The common public spaces such as *kovil* or temple, school, community centers and other suitable places were used as the venues. The respondents were arranged in the form of round-table discussions in a numerical order. Important

¹² “*Kangani factor*” is broadly described in forthcoming chapters.

¹³ The Tamil term “*Thalawar*” usually means community leader. The *Thalawars* play a crucial role as leaders of workers unions of the plantation sector in Sri Lanka.

questions were addressed at proposal level without interfering into their open-minded insights. All important ideas were recorded following the numerical order. The purpose of the focus group was to try to provide a group of comparison in understanding the issues pertaining to differences in preferences, norms and values associated with willingness to undertake entrepreneurial activity as opposed to other forms of livelihood activities. The norms and values of the *non*-entrepreneurs were explored through focus-group discussions and interviews too. They were asked to discuss their attitudes towards credit, savings, and wealth accumulation and so on. I expected to understand the norms and values which opposed wealth accumulation, emphasis on money, requesting for credit, money-lending, immoral attitudes towards certain businesses, as there is a strong critique of economic materialism within the community and as such it became a central interest of my study.

The main themes of the focus group were: understanding the factors affecting marginal social groups who are excluded from entrepreneurial activities. A more specific outline of questions and probes were used to assist the interviewer during the interviewing processes of focus group and key interviewee is to be found in Appendix I. Mainly the questions that emphasize their attitude in the direction of business activities, credit, capital accumulation, and capability of handling businesses, social and cultural barriers which are predominant in the community were directed towards discussion at focus group sessions. A digital voice-recoding system was used as an option to overcome difficulties of recording all details of every discussion event.

3.3.4. Observations

Observing of business places was also used as further fulfilment of additional qualitative outcome of the research field. In particular I observed the business places that belong to the key interviewees (i.e. entrepreneurs), his/her cooperation with shop assistants, customers, nature of business have been observed. Observation was a useful method to initiate research and identifying particular cases. According to the provisions of the research, the participant was supposed to be living with the research community observing their day-to-day lifestyles and special events such as rituals, festivals, business events that are relevant to the study. Therefore the observation method has been used for several different purposes: (1) to verify the primary and secondary data that are collected from the research field, (2) to comprehend the background of helpers and shopkeepers who are attached to the business places, (3) to make sense of the background of the customers who often negotiate with selected business places, and (4) to observe the managerial capabilities of each entrepreneur employing people in certain roles.

Observation was particularly, useful as one of the techniques to understand the success level of the business places. Therefore, (1) the number of employers, (2) size of the business place, (3) external appearance (4), and level of customers have been taken as the measurements. I spent eight month period all together to cover the entire study sample in research fields. In addition, my personnel experiences in previous researches on this community were beneficial to me to elaborate research objectives of this research in every aspect.

3.4. Limitations and the solutions at each step

Different challenges such as collecting literature, defining the research field, sampling, rapport building with respondents, and methodological application appeared at the stand point of the research procedure. Even from the proposal stage of the current study, lack of literature on the Up-land Tamil community in Sri Lanka proved to be a major hurdle. Although there were limited creative writings available in the NUS libraries and online electronic sources, finding peculiar and less popular facts and data related to the Up-land Tamil community was problematic. However, I was successful in gathering significant archival documents particularly from several sources such as the National Archives in Colombo, The Peradeniya University Library, the Sri Lanka Sabaragamuwa University Library, the book collections of ICES (International Centre for Ethnic Studies) and the *Sathyodaya* Institute in Kandy.

Deciding on an appropriate research field was another main issue in the process of achieving the goals of the study. The Up-land Tamil community is distributed across a vast area in Sri Lanka. This required the selection of research samples covering whole proportions such as socio-economic lifestyle of tea plantation community including proprietors, administration and workers, and business owners who bridged the bazaars and town areas. Although comparatively large centres such as Colombo and Kandy are considered as the Up-country Tamil business heartlands, they were ignored due to the need to study the immediate mechanism of shifting business entrepreneurs from tea estates to the town and bazaars. Furthermore, those major centres are situated comparatively far from selected tea-labouring community base. Approaching as an outsider, the business owners in the capital city of

Colombo and other main cities, and with limited time and funding available, it may be seen as two major constraints for the study. Therefore, the selection of three major areas such as Nuwara Eliya, Badulla and Hatton was a significant option in solving some of these considerations.

The most complex stage was the sampling of respondents. The major problem was the unavailability of registered collection of business owners belonging to each ethnic group such as Sinhala, Tamil, Muslim and the others (Malay, Berger etc.). Although such records are available in the Provincial Income Revenue Departments, the respective officers refused to show the personal recordings of income-tax payers. Finally, after a series of attempts, the District Secretariats of each division agreed to provide me the files, which included request forms for registration by the business owners. There were several hundred application forms under the each Divisional Secretariat (Appendix II). The next challenge was to extract the postal addresses of business premises belonging to ethnic Up-country Tamils from the larger set. Following the names and mail addresses which are mentioned in Application Forms, I succeeded in extracting Up-country Tamil businesses. The same procedure was followed in each area contacting Divisional Secretariats of Nuwara Eliya, Badulla and Hatton. I allotted all of those addresses and selected 20 from each random sample of the three regions to represent 60 of the total sample.

A pre-test was also conducted interviewing three Tamil business persons within the Ratnapura Municipality in order to obtain a general idea about the efficiency of the outline of the in-depth interviewing approach. Since the interviewing outline did not

seem to have any major faults, I left for the research field with an arranged timetable. Although the postal address was sufficient to find the business places in the research sample, contacting the business owner to make an appointment was an extremely hard exercise. Most often the refusal to be interviewed under the pretext of workload in the business, busy schedules and even the non-availability of the business owner was an obstacle. The main reason for refusal was they mistook me for an officer of Inland Revenue Department. However, I could overcome these issues under the recommendations of other business owners of their business network who I had interviewed previously, and through the personal interventions by influential person of their community. I was also unsuccessful in making appointments with some of them who fitted into the sample even after numerous and labourious attempts. Then I chose the next Tamil business place situated close to the previous selection. Sometimes I was able to interview the exact person who was initially in the random sample with a long stay in the research field, and consequently the number of interviews was extended up to 76.

The arrangement of the focus-group discussions was harder and a more time consuming exercise. The attitude of Estate Administration of the plantation sector was one of major barriers to enter the relevant estate administrative areas. Their notion of social research on Tamil tea-labour community derives from the pre-conceived notion that any form of scholarly research could potentially prove to be a threat to the plantation system. Therefore, I had to prepare several formal letters addressed to each plantation authority, government officials like the District Registrar and Police Chief of each area requesting for permission to conduct the research. Though I was permitted to approach the labourers after long negotiations,

arranging focus-group discussions was an extremely difficult task due to their everyday work schedule. There are two occasions such as between 12.00am to 2.00pm and between 4.00pm to 5.00pm, when the labourers are available as groups within the estate premises. Even within these two time spaces they are busy with lunch and handing over their tea-leaves and other instruments to the relevant officers. After 5.00 pm they are tired and rush back home and go for other personal errands. Therefore I had to find options for arranging focus-group discussions on public holidays such as *Poya Days*¹⁴ and weekends. Most often I contacted community leaders of each area and invited the group recommended by the leaders to their residential places. Following this procedure I was able to handle the issues and obtained facilities to arrange a tea-table for respondents in the each session and continue the discussion.

3.5. Summary

The method, data collecting techniques and each step followed in the research has been discussed in this chapter. Three major areas, Nuwara Eliya, Hatton and Badulla situated in Central Highlands of Sri Lanka have been selected as research areas considering the density of the Up-country Tamil population and their businesses. The interviewing method has been used as the key data collecting technique of the study. *Sociogram-sociometric* mapping has been applied in a useful manner to extract the networking patterns of interviewees. Focus-group discussions and personal observation have been used to collect additional sources of data that are significantly important in ethnographic research. The challenges, limitations and

¹⁴ *Poya* or *Poya* day is known as Buddhist festivals of full-moon days of every month. Owing to the fullness of the size of the moon as well as its effulgence, the full-moon day is marked as the greatest of its four lunar phases occurring once every lunar month, and it is a public holyday in Sri Lanka.

the solutions pursued in each step have also been presented descriptively at the end of the chapter.

Chapter IV

4. Macro Level Outlook of Tamil Entrepreneurship

4.1. Introduction

As stated in the introduction, the entrepreneurial identity of the ethnic Tamils cannot be reduced into a single category of “Tamil entrepreneurship”. The diversity of Tamil entrepreneurial traditions reflects different socio-cultural and geographical characteristics of each sub-group dispersed in different geographical locations. For instance, the embedded Tamil business enclaves of the *Nattukottai Chettiars*, the Muslim-Tamils initiated in South India, and the Sri Lankan Tamils from Jaffna or Colombo vary in terms of geographical, political and cultural background. However, the apparent common feature of these sub-divisions represents great entrepreneurial traditions or the mainstream business tradition. They are legitimate entrepreneurs with inherited cultures of mercantile activity, with a somewhat pre-established socio-economic structure.

The main purpose of this chapter is to provide an analysis of Tamil entrepreneurial mainstreamers in comparison to a marginal group such as Up-country Tamils who form a different category being subsumed into a common sort. Historiographical interpretations and cultural sources will be used to make broad observations on the traditional entrepreneurial heritage of ethnic Tamilians. In particular, the global dissemination of Tamils, their business traditions, different cultural patterns and original positions in terms of sacerdotal, aristocratic, trade, and slavery or proletariat status will be discussed to explain the internal disparity among Tamil entrepreneurial groups. Therefore, this chapter may aid in positioning the Up-

country Tamil entrepreneurs within the broader sense of Tamil ethnic entrepreneurship discourse.

Considering the ethnic perspective of entrepreneurship, both primordial such as caste, kinship and instrumental characteristics in terms of reaction to current socio-economic situations can be seen in the legacy of Tamil businesses in Sri Lanka. According to both Shils (1957) and Geertz (1963) there are common foci of primordial attachment, such as blood ties, race, language, religion, or custom. If we follow this perspective on ethnic identity, entrepreneurial behaviour of a given community could be derived from their ancestral heritage. For instance, Tamil entrepreneurial traditions and values are also manifested in Tamil cultural texts such as *Tirukkural*.¹⁵

However, in the contemporary period of globalization, Tamil entrepreneurship takes on a more instrumental characterises. Those who consider ethnicity and its other ingredients as a situational phenomenon that the social context determines have

¹⁵*Thirukkural* (also known as the *Kural*) is a classic of couplets or aphorisms celebrated by Tamils. (1330 couplets) It is believed to have been written in 2nd century B.C. by *Thiruvalluar*. For instance K. Nagarajan (2002) demonstrates cultural spirits of Tamil business stating ancient Tamil rhetorical texts; *Thirukkuaral* as the following:

*“Even if gainful, keep it away at once
From acts that are unjust and devoid of equity”*
(verse 113, *Thirukkural*)

The successful business depends on mutual trust and courtesy of both seller and customer. Further, capital investment in essence, is the present expent of funds in return for an expected flow of benefits in future;

*“Examine the costs, returns and profits
Before venturing upon a profit”*
(verse 461, *Thirukkural*)

It is the excess of benefits over costs that should be the consideration in financial analysis. This point is stressed by *Thiruwalluwar* like this:

*“No matter even income is small
As long as expenses do not exceed income”*
(verse 478, *Thirukkural*)

On the one hand these verses emphasize the business ethic which is obliged to be followed by the traders, whereas they indirectly reflect the self-exploitative and communitarian aspect of Tamil entrepreneurship.

been vindicated. For those who subscribe to the situational approach, ethnicity is not a given and therefore it is something that needs to be explained using socio-structural variables. Therefore, both primordial and situational perspectives would be useful in terms of getting a general idea about Tamil entrepreneurship.

4.1.2. The Tamil Diaspora

Tamils or *Tamilians* are dispersed globally. They are native to the Southern Indian subcontinent and Northern and Eastern parts of Sri Lanka with a recorded history going back to two thousand years. In proportion to the general estimate it is believed that there are 150 million Tamils worldwide considering all Dravidian a linguistic category (Arokiaswamy (2000: 1). However, some Dravidians are Tamils but do not speak Tamil. India, Sri Lanka, Reunion, Fiji, Mauritius, Malaysia, Singapore, Canada, Switzerland, South Africa, United Kingdom, Norway are significant among the countries which have become home to *Tamilians* at present.

The Tamil Diaspora could be classified under two divisions; those who migrated in historical times and those who migrated in the modern period. The flourishing of economic and political power of Chola rulers from the 9th to 10th centuries AD led to the spread of Tamil trade and culture to the outside world over time. In contrast, the expansion of the modern Tamil-Diaspora began mostly from the 18th century covering to some degree in all continents respectively. Arokiaswamy (2000: 28) offers a three-fold theory to explain the transmission of Indian culture to South East Asia, via *Kshatriya* or Aristocrat theory, the *Brahmin* or Sacerdote Theory and the *Vaisya* or Traders Theory*. While appreciating the innovative approaches of historians, I would like to use the same framework to illustrate the historical

expansion of Tamil Diaspora. In addition, I will suggest the need for one more aspect which is *Shudra* or Proletariat Theory to help explain the South Indian labour. In the 19th century, the establishment of British colonial plantations led to large migrations of South Indian plantation labour to colonial plantations in Africa, Fiji, Mauritius, the Caribbean and Sri Lanka.

According to the *Kshatriya* Theory, India had expanded its territory by establishing colonies in the near and the Far East by military power (Majumdar, 1944). Some Dravidian emperors from the early Chola period to later Chola period used military power to expand their territory. The Elara Chola (235 BC- 161 BC), Rajendra Chola (1018-1054), Kulothunga Chola-I (1070-1120) and Rajaraja Chola-II (1146-1173) were significant among the Tamil kings who built their empires abroad (Nayagam, 1970; Sandhu, 1969). Moreover, several other Tamil invaders who used armed power to capture foreign lands are mentioned in the history of different countries¹⁶.

Although the attainment of political power made the basic requirement for the expansion of the Tamil Diaspora historically, it was maintained under the sacerdotal intervention. George Coedes (1968) is the prominent speaker of the school of sacerdotal *Indianization*. He pointed out the Hindu archaeological inscriptions, the names and titles of the kings of (Sri Vijaya, Majapahit etc.), and influence of Sanskrit language as the accounts of “*sanskritization*” or “*Brahmanization*” of Southeast Asia. Although this terminology is not responsible for dissemination of Buddhism in Southeast Asia, this approach could make sense under the geographical term of “*Hinduization*” for Indian kind rather than expressing one

¹⁶ The political power of Tamilians was disseminated over foreign lands mainly under the Chola Emperors in the late 9th century and until the 13th century. They succeeded most of South India, Sri Lanka, Maldives Islands, and even some parts of the Indonesian Island of Java.

religion like Hinduism (Chaudri 1979: vi). For instance, the Pallava Emperors (571-668 CE) who were based in what is today the Andhra Pradesh of South India were responsible for the propagation of Buddhism in the Southeast Asian region. Therefore, there is a greater possibility of spreading Tamil or Dravidian culture even co-existing with Buddhism over Southeast Asia. Therefore, *Kshatriya* and *Brahmanic* approaches directly responsible for a considerable range of Indian Diaspora, however, *Vaisya* and *shudra* aspects are most important for this discussion in terms of spreading Tamil trade in the worldwide.

There is ample historical evidence to consolidate *Vaisya* or Traders approach as a reliable source of widening the Dravidian Diaspora (Sandhu 1969, Nayagam 1970, Chaudri 1979, Rajakrishnan 1988, Subramaniam 1996, Arokiashwamy 2000). Tamils had maintained trade and kinship relations with Polynesia and other oceanic communities even in the prehistoric period. Archaeologists have discovered items such as canoes and coconuts which were exchanged between South Indian traders and Oceanic Islanders (Nayagam 1970: 134). According to the Cambridge Ancient History, Italy had its greatest import from India which only ranked second to Spain in relation to trade (ibid). Greek and Roman traders frequently visited the southern coast of the Indian subcontinent during the first century B.C. and Tamil merchants are known to have exported items like spices, pearls, peacocks and most probably other products to the Mediterranean lands (Clothey 2006: 2). The Greek thinkers and writers like Herodotus and Homer identified Tamil traders as Ethiopians and referred to them as “Eastern Ethiopians” (Ibid). Military and trade relations between Chola Emperors and Sri Vijaya (based on modern Sumatra) in particular helped to build racial and cultural relations and establishment of Dravidian colonies in the

Southeast Asian region. Two brothers Sena and Guttika (237-215 B.C.) who conquered and established their colonies in the Northern and North-Central provinces in Ceylon were also known as Tamil traders from South India (De Silva 1981: 43).

Culturally Tamils were adept at sea trade compared to other communities on the Indian subcontinent, and the tradition of making wealth by crossing the sea has been claimed by Tamils for centuries (Subrahmanian 1996: 159). Sometimes they benefited and achieved their mercantile goals through sea trade than seeking it on land. The Tamil proverb, “thiral kadal odiyum thiraviyam thedu” (collect wealth by navigating the high seas), consolidates their cultural pursuit towards overseas exploration and maritime trade (Arokiaswamy 2000: 17). This significant factor we may apply with the Weberian concept of the “spirit of capitalism” to Tamil business ventures. Moreover the South Indians (*Dravidians*) had benefited from violating traditional Brahmanism or Northern Indian laws against seafaring. Particularly the Brahmin lawmakers (*cutrakaras*) highly objected to sea travel by Brahmins. It was considered as ritual-defilement, and the Brahmins who violated Brahmin *Dharmasastra* were excluded from *sraddha* ceremonies (ibid: 18).¹⁷ Furthermore, the sea-faring merchants were highly illegitimated and excluded by Brahmin laws in the ancient period (ibid). The Brahmin’s condemnation of *samudra yathra* (sea travelling) was mainly based on their reluctance to become ethnic-impure by trafficking with foreigners in foreign countries (Sandhu 1969: 23; Markovits 2000:

¹⁷ *Sradha*, *Sraddha*, or sometimes spelt as *Shraddha* in Hinduism is a ceremony performed in honour of dead ancestors. The rite is both a religious and social responsibility enjoined on all male-Hindus with the exception of some *Sannyasies*, or clergies. The importance given in India to the birth of sons is to ensure that there will be a male descendent to perform the *sraddha* ceremony after one’s death.

27). Jiang (1968: 365) notes how far *Brahmanic* India, trade and craft were looked upon with rigid disfavour; “one who acquired property cheap, gives it for a high price, is called a usurer and blamed among those who recite Veda” ((Vasishtha II), [levis H. Haney: 1925],). This criticism of Northern Indians seems to me reasonable due to lack of documented account of sea trade in their social history in spite of Northern Indians’ predominance in political power over the Southern regions in Indian history. Markovits (Ibid) presented a long thesis on Northern Indian merchant clans such as Gujratis, Sikhs, Hydrababadies (*Bhatias* or locally known as *Luwattia*), *Parsies* etc. who have expanded their merchant networks towards East Asia, East Africa, Central Asia, Europe and even up to some parts of Africa. However, most of these groups have been influenced either by non-Brahmin traditions or exterior cultural practices.

In contrast, some of the Andhra Kings (Dravidian) adopted the title “*Tri Samudradhipati*” which translates “superior to the three-oceans” as gracious for their maritime relations (Nayagam 1970: 135). Moreover, Tamils have a greater heritage in providing harbouring facilities for local and overseas merchants. Early Tamil Literature *Kaveripattanam* (1st Century A.D.) describes the great port at the mouth of the river Cavary:

The sun shone over the open terraces, over the warehouses near the harbour and over the turrets with windows like the eyes of deer. In different places of Puhar the onlooker’s attention was arrested by sight of the abode of Yavana whose prosperity never waned. At the harbour were to be seen sailors from distant islands. (Quoted in Nayagam 1970: 134).

The geographical and ecological profile of the Tamil region was also another influential factor in the commercial success of the Tamils. The three angles of

Tamil lands such as east, west and south are surrounded by the sea and the whole area is rich in teak and coconut which are vital for ship-building purposes.

The *Shudra* (the bottom line of the Hindu caste structure) or proletariat approach on Tamil Diaspora could be applied specially to the recruitment of Tamil labour for the colonial plantation enterprise in Asia, Africa and Latin America in the modern period. The vast exploitation of Tamil labour recruitment for plantation sectors of many parts of the world was started by the British from the 18th century¹⁸.

The global migration of Tamil labourers is directly related to the historical expansion of global capitalism. Although the colonial plantation economy was successful in introducing some structural changes within the pre-capitalist modes of production, it did not carry out complete capitalist transformation (De Silva. 2005: 275-339). Therefore, the colonial plantation economy faced some challenges in fulfilling its demand for labour. Therefore, British rulers turned to India as a source of cheap labour.

India had already been a major source of cheap labour not only to plantations but to the emerging industries in the British colonial system as well. The South India labour market was significant in the process. British planters in Ceylon, Malaya, Natal (in South Africa) and many other places also recognized the South Indian Tamil labour force as an attractive source in meeting the shortage of labour demand on colonial plantations. It is certain to state that this type of global diffusion of

¹⁸ As the first evidence of overseas Tamil slavery, it has been recorded as a single historical incident regarding forceful recruitment of 12,000 Tamil civilians as slaves (or labourers) in Sri Lanka by Sinhalese King Gajabahu in response to the action of rival Dravidian King Karikalan (110-113 A.D.), (Bopearachchi et al. 1999: 59-77; De Silva 2005).

Tamilians as migrant labour created ethnic and racial enclaves in colonial and postcolonial regions. These ethnic concentrations are important for understanding the development of special type of entrepreneurial activities within these groups.

4.2.1. *Nattukottai Chettiars*: An Icon of the Entrepreneurial Great Tradition

The *Nattukottai Chettiars* are a good example of the legacy of Indian-Tamil business and supports the *Vaishya* or traders' approach to the historical expansion of Tamil diaspora (Weerasooriya 1973; Chattopadhyaya 1979; Rudner 1994 & 1989; Dobbin 1996). The *Nattukottai Chettiars* emerged as rich traders from South India and spread worldwide as a result of the expansion of the colonial plantation economy. Moreover, the *Chettiars* could be the only caste that was involved in trade, pawn brokering and banking activities. The caste identity of *Chettiars*, in this ground, gained a constitutional form of symbolic power (Bourdieu 1977). There are more than 100 sub castes of the '*chettiar*' or '*chetti*' origin just in the South Indian sub continent (Rundner 1989: 423). According to historical accounts of the *Nattukotai Chettiar*, their native settlements disseminated over 96 villages situated in the Devekottah revenue division of Ramnad district and the Pudukottah revenue division of Thiruchirappalai district in Tamilnadu (Weerasooriya 1973: 2). It is believed that their ancestral home called Poompuhar situated on the East Coast of present-day Tamilnadu was submerged by water. The general meaning of the "*Nattukottai Chettiar*" is people who live in palatial houses in the countryside. When they maintained their elite lifestyle in the countryside these areas gradually transformed into attributes of cities. Therefore, the *Nattukottai Chettiars* like to refer to themselves as the "*Nagarathars*" which translates as city dwellers.

According to the belief of majority, they are a community that emigrated from the historical commercial port-city Kaverimpattinam. The population with the surname of '*chetti*' or '*chettiar*' belonging to or include several caste groups such as *Vaishya* and *Ksethriya* groups. For instance, *Thelugu Chettiar*, *Vania Chettiar*, *Elur Chettiar*, *Devanga Chettiar*, *Pattinavar Chettiar* and many other *Chetty* groups represent the different ranks in the Tamil caste hierarchy. Our particular concern is with the *Nattukottai Chettiar* among these '*chettiar* castes' for the purpose of this discussion.

Western scholars paid attention to this community only in close to 19th century, but the documentation on their business activities goes beyond 17th century (Rundner 1989). According to their own acknowledgment, the *Nattukottai Chettiars* are different from other *chetti* castes and they claim the unique heritable status that they are originated from the grand *Nakarattars* community. The *Nattukottai Chettiars* swelled their businesses at the beginning as salt vendors of South India in the 17th Century. Some of them expanded their businesses as far as Southern Sri Lanka and traded in pearls, rice, textiles, and arrack, while others played a crucial role in establishing their businesses as wheat and rice traders in Northern India with the onset of colonial rule in the region. In the 19th century and the beginning of 20th century particularly with the opening of the Suez Canal, the *Nattukottai Chettiars* became the chief merchant bankers in South India. At that period their trading network had been disseminated over Ceylon, Malaya and Burma from the base of Madras (Ibid). Currently their business network covers many metropolises such as Singapore, Vietnam, Bangkok, Mauritius, London, Toronto and other regions worldwide.

The caste and kinship network is said to be the fundamental factor in explaining the success of the *Nattukottai Chettiars*. The organizational pattern of their business has certainly been dependent on these structural ties. For instance, the motivation for profit making among the *Chettiars* is not the individual as in Western Europe, but the joint family which is the minimal unit in business ventures (Ito 1966: 368). Several nuclear units (*pulli*) which consist of both spouses and their unmarried children exist in each entrepreneurial joint family. At the micro levels of decision making, each *pulli* is autonomous and is encouraged as an efficient unit of action, but the final decision should be subjected to consultation with the head of the joint family. Sometimes crucial business as well as important communitarian decisions may go beyond the approval of the joint family unit, and referred to the *panchayat* (wise and respected elders) of the *chettiars* enclave.

Certainly, almost all *Chettiar* activities such as religious functions, housing arrangements, marriage and many other events of everyday life are essentially directed towards business purposes. For instance, the *Chettiars'* marriage is seemingly determined by economic functions rather than an autonomic action of two, male and female individuals (Nishimura 1998). When a young couple gets married all important decisions regarding the bride and groom will be taken by elders of both parties. If the girl's side takes the initiative, her elders visit the boy's house to gain information and begin negotiation. According to the customs of *Chettiars* societies, a daughter and her dowry become a vehicle for setting up a relation of affinity between the bride's family and the husband's family, and this gift giving practice is believed to be an economic endorsement to the newly wedded

couple for them to sustain their long term livelihood strategies. Though the English term ‘dowry’ is used in the modern context with a derogatory connotation which is considered to be the obligatory cash or property payment from bride’s family to the groom’s family, the wealth transaction within two fractions in a wedding ceremony of the *Chettiars* community seems to be economically functional, or as the Weberian view may posit, it is a ‘meaningful action’. Therefore, all these structural factors provide the important insight that the *Chettiar* community is causally significant in business action.

4.2.2. *Chettiars*’ Business in Sri Lanka

The history of the *Nattukottai Chettiar* activities in Sri Lanka sometimes goes beyond the Dutch conquest of Sri Lanka from 1656-1796. However, the trade activities of the *Nattukottai Chettiar* had been controlled during the Dutch period owing to the monopoly of the Dutch in the commercial sector. After British established their colonial rule in the Island in 1796, the *Nattukottai Chettiars* had a glorious period in terms of flourishing their trade activities in the Island. They handled a greater part of trade between India and Ceylon at the mid of 19th century. Although wealthy British planters introduced a commercial plantation economy in Ceylon, they did not succeed in introducing a proper banking system until 1841 to maintain the trading mechanism (Chattopadhyaya 1979: 140). In this sense, the *Nattukottai Chettiars* had been responsible for banking in Ceylon prior to the establishment of a proper banking system. They provided banking facilities for British planters even in South India. Therefore, the established image is of the *Chettiars* as “bankers” or “merchant bankers” during the period. Several other banks were also established under the colonial system in the region. For instance,

the Oriental Banking Corporation, Mercantile Bank and Bank of Madras¹⁹ are important among them. The Bank of Madras was predominant among the *Nattukottai Chettiars'* business ventures and they played a significant role in the enhancement of its functions in Indo-Ceylon trade activities.

Initially the *Chettiars* opened their businesses in Colombo in the main cities and other internal principal cities such as Kandy, Gampola, Badulla, Balangoda, and Rathnapura, which are situated in tea-growing areas. The *Nattukottai Chettiars* in Ceylon had also become landlords by undertaking proprietorship of vast acreage of land mainly coconut estates in the Island between the period 1935 to 1945 (Weerasooriya 1973: xx). Although, they had not taken a special interest in becoming landowners by choice, the circumstance prevailing at the time enabled them to acquire property as debt repayment during times of depression. As a result of depression during the period, a number of Ceylonese were indebted to the *Chettiars*, and the borrowers were unable to re-pay their debt. Finally, the *Chettiars* were persuaded to take-over their property and land as settlements (ibid). According to the records of other countries (particularly in Southeast Asia, countries like Malaysia and Burma) the *Chettiars* pioneered the introduction of teak as a commercial timber plantation (ibid). Although there is not much literature about their special attempts, there is a high possibility that they contributed to teak plantations which had been popular at the relevant period in Sri Lanka. The *Chettiars* are innovative market makers who had the will to change rather than depend on the traditional social order.

¹⁹ This was later named as State Bank of India, and currently it has established several branches in the other parts of the region including Singapore.

However, the *Nattukottai Chettiars* realized that they were a comparatively small group and could not compete with British economic and political authority. The *Chettiars* responded by shifting their commercial activities as the middlemen for British International trade. There were opportunities available owing to British attitudes and actions regarding the local business groups in Sri Lanka. Particularly British banks were not easily accessible to the Ceylonese who desired financial support for their businesses. Except for the most elite or influential individuals, the Ceylonese were not permitted direct contact with European bank managers and other bank officials. Within this situation, the *Nattukottai Chettiars'* role was significant with them automatically becoming the volunteer middlemen between the local community and the British bankers. In addition, another obstacle for Ceylonese to access British banks was creating a "Shroff" post formed by Bankers to scrutinize the social and financial status of the Ceylonese borrowers. The recommendation of those "Shroff" or "guarantee Shroff" was obligatory for approval of bank credit for Ceylonese. Thus, the *Chettiars'* service was very important as the facilitators of the Ceylonese trading community as brokers or agents.

As a result of this circumstance, the *Chettiars* borrowed money from the British banks and lent to the Ceylonese at higher rates. That was known among Colombo business community as the "*Chetti rate*". The British Exchange Bank only provided 25 million Rupees to *Chettiars* for lending to locals at higher rates during the period 1900-1925 (Weerasooriya 1973: xv). However, the *Nattukottai Chettiars'* service was important in terms of solving some problems faced by the Ceylonese such as

lack of relations with international markets, difficulties of foreign currency exchange, and inaccessibility to the British commercial banks.

The local lands which were used for traditional paddy cultivation were employed for commercial crop cultivation such as tea, coffee, cocoa, cinnamon, and clove in large quantities with the introduction of colonial plantation economy in Ceylon. Consequently, the cultivation of rice as the staple food of Ceylon declined remarkably. Therefore, the shortage of rice had been a major issue for rice consumers in Ceylon. Occasionally the demand for rice was met by importing from abroad. This juncture was an appropriate opportunity for the *Nattukottai Chettians* to establish themselves as rice importers in the Ceylonese commercial sector. Among the items they imported from abroad in addition to rice were curry spices, fish, onion, dried fish, and potatoes.

During the 1930s, the *Chettiar* firms were established in all parts of Sri Lanka. Compared to the other areas their distribution was numerically larger in Colombo.

Table: 4.1**Chettiar Firms of Sri Lanka in 1930s**

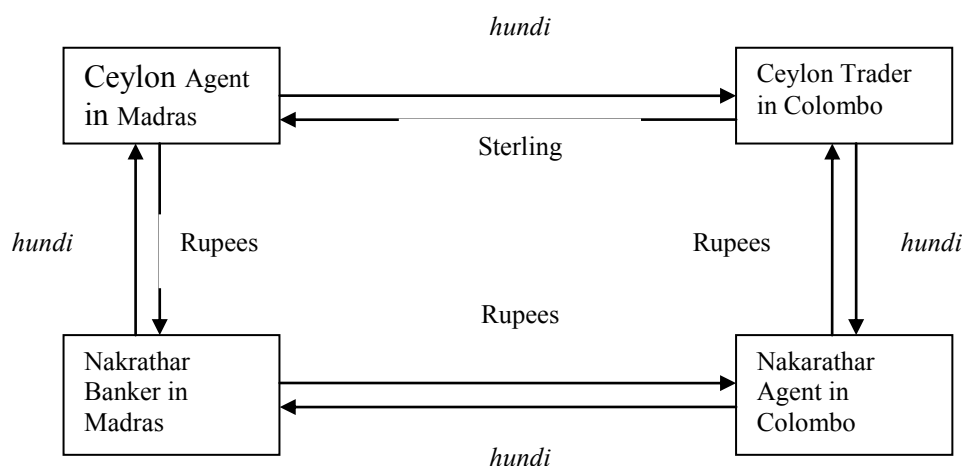
Area	Number
Colombo and its suburbs	180+20
Negombo	84
Kandy	50
Gampola	22
Galle	21
Madampe	18
Matale	17
Puttalam	16
Nawalapitiya	11
Kurunegala, Badulla, Jaffna and Kochchikade	10 each
Pussellawa	8
Kegalle and Hingula	7 each
Balangoda and Narammala	6 each
Ratnapura, Thalawakele and Bandarawela	5 each
Matara, Batticaloa and Dikoya	4 each
Ambalangoda	3
Rakwana, Anuradhapura and Passara	2 each
Puwakpitiya, Dehiowita, Yatiyantota, Parakaduwa Kahawatta, Nattandia and Polgahawela	1 each

([Ceylon Sessional Paper xxiii 1934 op. cit])

Quoted in Weerasooriya 1973, and see also Chattopadhyaya 1979: 157)

The money exchange system between Colombo and Madras was entirely dependant on the *Hundi* transferring system, which was peculiar to *Chettiar* business circles at that time.²⁰ It was widely used not only by the British but also by other local

²⁰ Hundi transferring between Colombo and Madras (Quoted in Rudner, 1994)



business dealers for their trans-sub-continental trading purposes. All trading activities were undertaken via the *hundi* transferring system, and it was a kind of bill of exchange or written order which is similar to modern drawing of checks. In order to draw a *hundi* a client had to open an account and maintain a corresponding relationship with the banker (Rudner 1994: 92). *Hundi* were sometimes used just to transfer funds from one location to another (ibid), but they were more typically employed in financing trade transactions by *chettians* and non *chettians* alike. Moreover, Rudner suggests four types of *hundi* system generally used by the *Nattukottai Chettians*, such as *Darshn hundies*, *Nadappu hundis*, *Thavanai hundis*, and pay order *hundis* (Ibid: 93). *Darshan hundis* are a kind of note payable against an account within three days of presentation to a person and at a place specified in a *hundi*. The *Nadappu hundis* is an instrument unique to the *chettians* and is neither demand nor fixed into period. *Thawanai hundis* is called raising *hundis* and operates like short-term certificate of deposit. Pay order *hundis* is used as receipts given in lieu of dowry payment made during a marriage ceremony, which is considered less relevant in the context of the current study.

4.2.3. End of *Chetti* era in Sri Lanka

The glorious period of the *Chetti* business in Sri Lanka began to decline with the renowned “*Chetti* Crisis” of 1925 and economic crisis of 1930s (Weerasooriya 1973: xviii). Thereafter the *Nattukottai Chettians* did not play a significant role in financial and money lending processes in Sri Lanka. The Exchange Control Act: No. 24 which was enacted in 1953 seriously affected the *Chettiar* business activities in Sri Lanka (Ibid: xix). With this ordinance, all unauthorized persons were prohibited to deal in gold or foreign currency within the Island. Further the

prohibition of the remittance abroad of any money from the Island without prior permission of the Central Bank of Ceylon (CBC) was crucial to continue their businesses. Particularly this act was a dead end of the *Chetti* business because it entirely impeded their habit of sending the lion's share of their earnings and profit to their native places in South India and other countries of Southeast Asia where they traded.

Table 4.2

Remittances sent by Chettiars from Sri Lanka to India

Year	Total Remitted from India to Sri Lanka by Chettars (Rs.)	Amount Sent from Sri Lanka to India by Chettars (Rs.)	Net Different (Profit) (Rs.)
1924	902,764	6,109,402	5,206,638
1929	958,939	7,728,137	6,769,198
1930	969,205	7,889,789	6,920,584
1931	695,716	6,712,543	6,016,827
1932	658,810	5,684,674	5,025,864
1933	608,185	4,886,571	4,278,386
1934	484,254	5,081,902	4,597,648
1935	492,084	4,693,346	4,201,262
1936	470,036	4,868,890	4,398,854
1937	414,382	4,689,188	4,278,806
1938	377,800	4,522,802	4,145,002
1940	343,050	4,586,321	4,243,271
1941	353,345	5,289,980	4,936,635
1942	406,825	5,847,509	5,440,684
1943	561,154	13,070,927	12,509,773
1944	721,609	14,281,880	13,560,271
1945	840,502	18,456,482	17,615,980
1946	1,278,059	23,143,353	21,865,294
1947	1,035,212	21,762,521	20,727,309
1948	95,609	25,215,385	25,119,776
1956	103,272	5,693,320	5,590,048
1957	49,464	3,487,130	3,437,666
1958	1,399	5,159,510	5,158,111

Source: Chattopadhyaya 1979

Note: Net different profit counted by the author

The “*Chetti* Crisis” in 1925-1930 caused the failure of some leading *Chettiar* firms in Ceylon and the British banks suspended credit to the *Chettiars* (Weerasooriya: 1973: xix). Moreover, the Income Tax Ordinance which was enacted in 1932 and

the Estate Duty Ordinance No. I introduced in 1938 enforced the taxation of the *Nattukottai Chettiar*, but implementations of these acts were problematic due to their savings habits. They often repatriated a significant proportion of their ancestral homes in South India and there were practical difficulties in implementing Income-Tax ordinance due to the complexity of prevailing Hindu-extended family system among them (Ibid). These multiple factors persuaded the abandonment of *Chetti* activities in Sri Lanka, and consequently a majority of their companies (*vilasam*) were shifted to South India and countries in Southeast Asia.

Migration theorists identify these types of moves as ‘strategic migration’ (Light et al. 1993: 26). International business migrants usually use kinship, friendship, or other cultural relationship as a risk-diversification strategy. On the other hand, some migrants may arrange their reallocation on their own and without any help from the social network. The migration with network relations reduces the economic risk, while the reallocation on their own may be risky in contrast. In that sense, the *Chettiars* already benefited from networking with friends and relatives who were already located in the South East Asian region. The network rich in structural holes creates more opportunities for entrepreneurial communities. Handlings of these opportunities are subject to entrepreneurial capacity of the successful business holders. The innovative networks should be capable of enhancing the skills of people and bridging international relations (Burt 1997: 340). Managerial intervening is important in terms of amalgamating a spoiled or broken structure. Therefore, Malaysia and Singapore were the next best choices of reallocating destinations of the *Chettiars*’ trade network.

4.2.4 *Chettiars'* Business in Singapore and Malaysia

Kuala Lumpur and Penang were the two major centres of Indian Commercial enterprises which were handled by Indian businessmen establishing their own chambers of commerce and trade unions, while the *Chettiars* played a crucial role among the Indian trade in Malaysia. According to the general estimation on Indian Investment in Malaya, about \$666,000,000 (75% of total trade value) belonged to the *Chettiars*. In accordance with general estimation, this investment accounts more than nine percent of the gross national income of the country in 1951 (Sandhu 1969: 289). The plantation proprietorship was significant among the *Chettiar* businesses in Malaysia and most of Indian owned plantations were handled by them. During the *Chetti* Period they occupied about 70,820 hectares of rubber estates that was worth of US\$ 40 Million (George 1985: 35). The *Chettiars* succeeded in capturing pawn brokering, money lending, retail and wholesale grocery business industries as well. A survey has revealed that many successful Chinese businessmen in Malaysia and Singapore have begun their businesses by drawing loans from the *Chettiars* (Sandhu 1969: 292).

The influence of the *Chettiar* factor cannot be underestimated when studying the impact of Tamil business on the modern commerce of Singapore. They covered all facets of Singaporean business. Although there is no concrete evidence of the exact date of arrival of the *Chettiars* in Singapore, some accounts maintain that they came to Pinang and Singapore in 1824 in sail boat²¹ (Thinnappan and Vairavan 2010: 17). According to another writer the *Chettiars* arrived in Singapore before 1838²² (Ibid). Clothey (2006: 10) noted that Narayan Pillai *Chettiar* was a prominent merchant

²¹ History of Nattukottai Chettiars (1953)

²² Happy Malaya (PNM Muthupalaniappa)

among the pioneers of Singapore who established his business as a building contractor. He also founded the oldest Hindu shrine *Mariamman* Temple at New Bridge Road of Singapore in 1823 (Ibid). According to a recent survey, at least 775 *Chettiar* families have been recorded in Singapore (Thinnappan and Vairavan 2010: 18).

The opening of the Suez Canal in 1869 was a prominent factor in the expansion of the *Chettiars* business in Singapore. In 1883, there were 28 the *Chettiar* firms and four banks in Singapore. These figures increased up to 35 firms and nine banks in 1910 (Ibid: 24). The *Chettiars* entered the Singapore business sector as moneylenders. Although there were many local money lenders on the scene in that period, they seemed to be less organized and comparatively inefficient (Ibid). The *Chettiars* borrowed money from the banks and re-lent it to their clients. As they did in the South Asian region, the *Chettiars* played a crucial role as middlemen between British bankers and Singaporeans. Therefore, they were also respected by colonial rulers. The *Chettiars* were admired and were even invited to any function that took place at the *Istana* (the president's official lodge).

There is evidence to prove that the *Chettiars* had capitalized on the opium trade in 1870-1880 in Singapore and Penang, and they had monopolized positions as middlemen between the British banks and the Chinese traders (Clothey 2006: 9). The *Chettiars* also played a central role in establishing the Estate Bank of India (Bank of Madras during the colonial period) (Chattopadyaya 1979: 151). They established many shops in several parts of Singapore in the early part of the 20th century.

After about hundred years of the *Chettiars* arrival in Singapore, the *Chettiars* Chambers of Commerce was established on 18th January 1931 (Thinnappan and Vairavan 2010: 26). Thereafter, many commercial, religious and community organizations were formed by the *Chettiars* and they had been a vital force in constructing the modern history in Singapore. Currently there is a substantial number of the *Chettiars* in the top echelons of richest traders in Singapore. Clothey noted in detail in his article “*Shrines as cultural spaces in Singapore*”, that the contribution of the *Chettiars* is crucial in constructing social unity among Indians with building Hindu temples in Singapore (2006: 58-77). These Hindu temples which were constructed around the city had supported building the ‘symbolic images’ of the *Chettiar* traders in the business sector.

4.2.5. *Chettiars*’ Business in [Burma] Myanmar

The *Chettiars* have also played a remarkable role in the Burmese commercial sector (Sahadevan 1995). They were predominant in the retail trade, money lending, pawn brokering and agriculture in the countries of South and Southeast Asia. Available literature shows that the *Chettiars* arrived in Burma in 1826. They were accompanying Indian labourers (particularly from Madras), parallel to the Indian labour recruitment for railway construction under the British rule (Turnell et al. 2008: 6). It seems that the *Chettiars* had been involved in the paddy trade from the early stages of their business in Burma. The opening of the Suez Canal in 1869, and the passing of the *Burma Land Act* in 1852 had been the crucial factors shaping *Chettiar* in the Burmese business sector (Ibid). While there were some restrictions in the export rice and other commodities under the *Konbaung* Dynasty, the new *Land Act* removed the impediments of export oriented economy. The fertile

Irawaddy Delta region under British supervision caused dramatic developments of the region and it was a resource of food-stuff, raw materials and British manufactured items (Adas 1974: 387; Turnell 2008: 4-5).

The Chettiars successfully utilized new opportunities expanding their paddy and other commodity transportation to Europe through the Suez Canal. As a result of the steady increase in demand for Burmese rice from Europe and the rest of the world, the Irawaddy Delta region gained high profit becoming one of the richest region of the British colonization project at the second half of the nineteenth century. Therefore five million acres of paddy land were added additionally for cultivation in the lower Burma during the mid 1850 to 1900. This caused the annual rice export to increase from two hundred thousand to more than two million tons (Adas 1974: 387-388).

Although the *Chettiars*' contribution to the Burmese paddy cultivation had been negligible at the beginning, they expanded their role as a source of capital during the first two decades of the twentieth century. The *Chettiar* money lenders directly supplied credit to cultivators on a large scale and they also became the financial source for the local money lenders. According to the Burma Banking Inquiry Committee Report which was prepared under a survey conducted in 1929-1930 the number of *Chettiars*-owned firms in Burma augmented from around 350 in 1910 to over 1650 in 1930 (Adas 1974: 391). In this process, the *Chettiars* succeeded in acquiring a large amount of wealth that is more than 150 millions of Burmese Kyats at 1940-41 prices, which was almost sufficient to put them in charge of significant quarter of the Burmese economy at that time (Sahadevan [Chakrawartha 1971: 64]

1995: 34). Indeed, the *Chettiars* have captured 27 lakh acres or at least 14 per cent of total arable land in Burma. The land value was assessed at Rs.70 crore market prices (Ibid: 26). Therefore, these figures show the degree of significance of the *Chettiars* role in the commercial sector in the modern period of Burma.

4.3.1. Muslim-Tamils: Legacy of Tamil and Arabian Business Traditions

The Muslim-Tamil identity has been considered as a specific socio-cultural uniqueness particularly in South and Southeast Asia (Mines 1975; Puri 1978; McPherson 2010). The Muslim-Tamils are similar to the *Chettiars* in emerging from the mainstream entrepreneurial tradition. Both these groups acquired their entrepreneurial spirits from primordial traditions. Hindu caste system influenced the entrepreneurial tradition of the *Chettiars* since the *Chettiars* are a trade caste, while the Muslim Tamils' entrepreneurial practices are a hybrid of Arabic and Hindu influences.

The origin of the Tamil-Muslim identity may be traced to the establishment of the Mughal authority in 1526 and its disastrous conquest of the Hindu Vijayanagar kingdom of South India in 1565 (Sandhu 1969: 23). Prior to the British arrival in South India, the Tamil Muslims established their settlements mostly in populous rice-cropping coastal areas south of modern day Chennai. According to historical evidence, Merchants from the Middle East introduced Islam to Southern India as early as the seventh and eight centuries when they settled in ports along the Gulf of Manaar and the Southern Coromandel Coast, from Kayalpatnam in Tirunavelli District to Pulicat, North of Chennai. Since they were not accompanied by females during overseas migration, they married and integrated into the local society. It

seems that these skilful traders were used by Hindu rulers as intermediaries in international maritime trade (McPherson 2010: 10). This community grew gradually in size over the centuries assimilating local customs, dress, and language. Currently, these Islamic believers speak Tamil as their mother tongue. The Indian census reveals that there were at least two million Tamil-Muslims in the Southern Province of Tamilnadu alone (Tamilnadu Census 2001). As a specific ethnic group, the Tamil-Muslim community has built their identity as traders rather than farmers or members of other occupational groups. Currently the Muslim-Tamil diaspora has expanded into South Africa, North America and the Western Europe. They are identified as Manaks in Malaysia, Moors in Sri Lanka, *Chulias* in Myanmar (Burma), and Rathas in South Africa.

4.3.2. Tamil-Muslim Identity in Sri Lanka

The emergence of Tamil-Muslims in Sri Lanka goes back several centuries. Arasarathnam (1964: 117-124) states that Tamil has been a prevalent language for Southeast Asian trade relations with Sri Lanka during the 12th-14th centuries. Moreover, Mahroof (1976: 67) argues that the history of Tamil-speaking Muslim in Sri Lanka goes beyond the 9th century and that the community originally emerged from South Indian Dravidians mixed with Arabian and Middle Eastern cultural and linguistic traditions. The majority of Sri Lankan Muslims are Tamil speakers; this excludes one per cent Malays from the 8 per cent Muslims from the total population of the Island (Sri Lanka Census and Statistics 2010). Although, the Sri Lankan Tamil-Muslims are acknowledged as Muslims without any prefix, their biological and cultural characteristics show the ancestry of Dravidian origin. The South Indian Muslims formed into sub ethnic groups such as *Labbai* and *Marakkayar* mixed with

South Indian *Thamilians*; the same condition seems to have happened in the Northern and Eastern areas in Sri Lanka (Hussain 2009: 354-360).

The Majority among Tamil-Muslims in Sri Lanka are largely engaged in business-related activities. Mahroof classifies Sri Lankan Tamil-Muslim as (a) gem traders, (b) urban entrepreneurs and (c) village boutique-keepers in reference to the stratification of their business interests (Ibid: 69). Gem traders generally inhabit certain areas that are prominent in gem mining areas such as, Colombo, Galle, Beruwala, Kalutara and Ratnapura. Gem business is a community based occupation and the business person has impressive skills of recognizing precious stones. Usually, gem traders occupy the richest rank in the occupational structure. Gem business has a high degree of risk and strong communal feeling is needed among the fellow traders to mitigate the inherent risks. The urban entrepreneurs represent the middle class and are exposed to the other communities. They are scattered over almost all principal cities in the Island attached to miscellaneous businesses from construction and hardware industry, garment industry to grocery businesses. The village boutique-keepers are the largest group among Muslim traders. These groups live in the rural sector and remote town areas and are highly attached to the local communities. They maintain close reciprocal relations such as providing micro and small credit and engaging pawn brokering activities with rural clients. They also play a valuable role in the village sector as prominent raw material vendors such as paddy, rubber, coconuts, areca nuts, and spices etc., which are produced by rural farmers.

4.3.3. Muslim-Tamil Trade in Singapore and Malaysia

According to scholars, Tamil-speaking Muslims are the largest Muslim group speaking a South Indian language in Singapore (Tscharcher 2006: 9). They also claim the longest history of settlement in Singapore and the wider region of colonial Malaya. Tamil-Muslims in Singapore have been prominent among the South Asian ethnic groups in Singapore as patrons of mosques and the establishment of religious associations and documentation of Islamic related literature in Singapore (Ibid).

According to McPherson (2010: 11-12), Portuguese Malacca in the 16th and 18th centuries used the terms “*Labbais*” and “*Marakkayar*” to classify Tamil-Muslims into a specific group. In the 19th century, both Hindus and Muslims in Singapore have been referred to the “*Chulia*” by English settlers (Tscharcher 2006: 24). The main reason for the presence of South Indian origin Muslim Tamils in the Malay Archipelago was trade. The author notes that in the Malay region in the 17th and 18th centuries Muslim Indians were not only the most numerically significant but also the most competent South Asian traders. Among the chief Indian products transported to the Malay region were textile, tin, elephants, and areca-nuts (Andaya 1978: 13-35). This trade seemed to have brought them into direct conflict with European trading companies, and later these conflicts had been resolved through cooperating with these Western rivals. Mostly contacts were resolved by informal agreements between European and Indian Muslim traders in relation to such mutual benefits of shipping capacity, security, and sharing expertise of links to Malay ports and courts. Moreover, in Malaya the Tamil-Muslims were numerically larger as well as competitively in high positions in the 17th and 18th centuries (Ibid).

Tamil Muslims were not only engaged in sea trade between India and Singapore, they also had their own shops in different parts of the Island. According to historical documentations, different types of Tamil Muslim shops dealing with money exchange, general merchandize, groceries and “knife shops” (*Kattikatai*) had been established. According to a saying, “they had been selling everything from clothes to fragrant oils” (Ibid). Tamil Muslim business history in Singapore seemed to have been flourishing in the early periods of the twentieth century. Some Tamil Muslims had succeeded even in achieving the richest positions among the traders. For instance, Kader Sultan, alleged as “Cattle King” had imported cattle and mutton not only from India but also from Australia. He was the founder of the Straits Cattle Trading Company in 1912, and entirely dominated the cattle and mutton trade in the Serangoon Road areas in 1921 (Siddique & Shotam 1982).

4.4.1. Sri Lankan Tamil Business

Sri Lankan Tamil businesses mainly appear in the Northern and Eastern provinces and Colombo urban area in Sri Lanka. However, Sri Lankan Tamil entrepreneurs have engaged into commercial sector attaching themselves to all kinds of business activities that majority Sinhalese do. They also have established their ventures in many suburbs and localities island-wide.

Though the Sri Lankan Tamils mostly choose the way of upward mobility through education by means of administrative and professional occupations, some seem to have had interest in landowning and business too. Several Sri Lankan Tamil families flourished by taking to the cultivation of tobacco and coconut in British times (Roberts 1977: 229). There were many coconut plants opened up or

purchased by Sri Lankan Tamils from the Jaffna Peninsula, coastal areas of Batticaloa, Trincomalee, and in the Kurunegala, Puttalam and Colombo districts. There were 16 Sri Lankan Tamils out of 166 among the principal Ceylonese plantation owners in 1917 (Ibid: 256). Some families seem to have prospered by providing intermediary facilities for European mercantile establishment in Colombo and other areas as shroffs and brokers. Often these opportunities press them forward to open mercantile establishments of their own (Ibid: 129).

4.4.2. Sri Lankan Tamil Business in US, Europe and other Continents

The Sri Lankan Tamil business abroad seems to be quite different from the entrepreneurial approaches of the *Chettiars* and the Tamil-Muslims. Considering their socio-economic background, the Sri Lankan Tamil business illustrates the overlapping of the mainstream and the outsider attributes of the context. Though they are not primordially highlighted as traders, they have successfully integrated themselves into the business sector as a response to global trends, and migrated to overseas locations.

The period beginning from 1980s to the present is crucial for Sri Lankan Tamils' migration worldwide (McDowell 1996, Ahmed 1998, Fuglerud 1999). The armed struggle between Sri Lankan forces and the separatist Liberation Tigers of Tamil *Elam* (LTTE) created a turbulent situation in Sri Lankan during this period. In particular, it affected the Sri Lankan Tamil community who lived in Northern and Eastern provinces. Some families who had stable economic livelihoods and external political and social connections escaped from the war-affected areas to nearby India

and to the Capital city of Colombo, while the general population tended to remain in their traditional villages. However, the civil war situation had created an unintended opportunity for the Tamil middle class families in Colombo. The Colombo Tamils had been lucky to enjoy all the infra-structural facilities as the dwellers of Colombo residents. The educational background extracted from reputed schools in Colombo and the ability to communicate in English created enormous opportunities for them to construct network relations with foreign educational institutions, locally activated International Non Governmental Organizations (INGOs), the diplomatic service and their own relatives who resided in various overseas locations such as Europe, the United States, Australia and some Scandinavian countries. The middle-class Tamils from Colombo tend to be located worldwide and the usual sympathy of the international community for minorities of war-affected areas seems to be the crucial factor to facilitate them to move internationally. This situation was accelerated in 1980s. For instance, 20,000 Tamils sought asylum in Europe and left the Island in 1989 alone (Ahmed 1998: 257). However, the numbers allowed into the West fell in the 1990s as a result of the European Union tightening its asylum policies (Ibid).

Some Tamil individuals who originated from Colombo-based middle class backgrounds have built successful businesses in the different locations worldwide. For instance, Raj Rajaratnam the founder of New York based *Galleon Group* can be taken as an example for a well established entrepreneur coming from this social background. According to *tradorslog.com* (1st March 2011), the Galleon Group Management assessed US\$ 7.5 billion in 2008. Rajaratnam has also been the President of investment bank Needham and Company. He has manipulated his

mercantile group in various business activities such as pharmaceutical and healthcare technology, communication, mercantile hedging facilities, and many others. Forbes Magazine reported that Rajaratnam has achieved the position of being status of the 262nd richest American in 2008 and has been upgraded up to 236th place within one year (*Forbes Retrieved*, 2, 19, 2009).

Moreover, there is a reputed Tamil merchant community attached to various business activities in the United Kingdom. Reportedly they have been gradually establishing their ethnic network bringing together Tamil-businesses scattered across Britain. *Tamilnet.com* (16.01.2011) reports that there are about five thousand Tamil-owned businesses in Britain alone and their combined turnover exceeds over 1billion pounds and they have provided 150,000 employment opportunities for people respectively. The Tamil Chamber of Commerce (TCC) is an example of the rise of Tamil business networking facilities in Britain as the key gathering of the TCC, representing 120 Tamil business holders assembled at January 2011 in London for the purpose of providing human and material capital for young Tamil entrepreneurs in Britain (Ibid).

The asylum-migration was a lucrative way to the Colombo and Jaffna-based Tamils to establish themselves in other European countries such as Switzerland and Germany too corresponding to the civil war situation in 1983-1991 (McDowell 1996). Many Colombo-based Tamils entered Switzerland represented middle class and entrepreneurial community. According to demarcation of their occupations twelve months prior to migration, the number of trade and commerce activists (102) was second only to the artisan/service (139) category (Ibid: 132). There was an

increase in the number of Tamils entering Switzerland between 1984 and 1985, and some have involved themselves in a sort of trade or commerce in Switzerland as well (Ibid: 150).

A considerable portion of Tamil populations immigrated to Norway in the same period receiving asylum statues (Fuglerud 1999). Though there is no evidence about business ventures or self employments started by these asylum-migrants, some details exist on their livelihood strategies in Norway. Their hard working ability and flexibility and internal organization at work were attractive of their employers. Many Tamils who were attached to fish-processing industry succeeded in working 18 hours per day even under very hard weather conditions. According to a factory official's words, "*the normal amount of fish cut by a Norwegian in a day's work would be three to four hundred kilos. Most Tamils on the other hand, will cut close to 1000 kilos in a normal day prove* that traditional occupations, hardworking ability and ethnic network are major factors to increase of the Tamil commercial and trade activities in Europe.

4.4.3. Sri Lankan Tamil (Jaffna Tamil) Business in Malaysia

Sri Lankan Tamil migration to Malaysia took place not only for business purposes but also for civil service requirements and for other labour intensive industries established under British rule in Malaya beginning in the 1870s. Initially they went from Sri Lanka to Malaysia as public servants under the British Administration but later streams of immigrants came on their own accord (Selvarathnam et. al. 2006: xvii). The pioneer Sri Lankan Tamils in Malaysia contributed their services as surveyors, overseers, dressers and clerks (ibid: 2).

With the building of modern hospitals and schools under British rule in Malaysia a number of the immigrants entered the public service as doctors, nurses and teachers.

The Sri Lankan Tamils, who came to Malaysia on their own, founded their livelihood in miscellaneous activities including the private sector. The Road development board and the railway service authorities were significant among the institutions that employed the labour of Sri Lankan Tamils in different ranks from engineers to the manual labourers. With the introduction of rubber estates from the beginning of the 20th century, the Sri Lankan Tamils succeeded in entering the plantation sector as clerks and conductors as well (ibid). The approach to business of Sri Lankan Tamils' in Malaysia was not much different from that used in other countries where Tamil migrants went. Most of them started small and micro-scale businesses working caste-based occupations as goldsmiths, barbers, dhobis, shopkeepers, transporters (bullock carts) etc. Most of them became successful in operating their businesses and later achieved the highest positions in Malaysian entrepreneurship.

The Sri Lankan Tamil immigrants in Malaysia were organized under well-structured social organizations. Without doubt they succeeded in utilizing network relations to gain their socio-economic anticipations. Middle class social values, willingness to be involved in social groups from the native countries and, solid educational background enabled them to maintain their organizational social

structure even in a foreign land.²³ Jaffna Tamils contributed their labour heavily in railway construction in the Federated Malay States. Consequently they established the United Railway Employees Benefits Society in 1914 as one of their pioneer corporative societies. Although it was established with the object of providing death benefits, support was extended for other needs financial supports by offering loans at low-interest rates. This idea sparked the establishment of cooperative movements in Malaysia. With time the UREBS became the Railway Cooperative Thrift and Loan Society with complements from Malaysian political elites (Ramaswamy 1988: 156).

Since Jaffna Tamils were recruited as administrative servants with the majority offering clerical services, they constituted a lower-middle income group with very modest average income. This minimal income was not sufficient to meet their monthly budget. Besides, they were responsible for the well being of family members in Sri Lanka through providing funds to educate their siblings, dowry expenses for unmarried sisters, financial aid for bringing brother or a close relative to Malaysia and providing necessary facilities for these new immigrants until they find jobs and so on. These miscellaneous socio-economic issues stimulated them to be organized in order to prevent indebtedness and encourage savings among the Jaffna Tamils. The leading Sri Lankan Tamils who resided in Kuala Lumpur combined forces and established the “*Jaffnese Cooperative Society Limited*” on 3rd June 1924 (Ramaswamy 1988: 155). Among the aims of the cooperative

²³ Ramaswamy (1988: 156) noted; there were the highest number of cooperative societies in Jaffna as compared to any other province in Ceylon. According to his account, in 1931, there were 195 cooperatives in the Northern Province; Jaffna alone claimed for 166 from the total of the North compared to the Mannar (7) and Mullativu (22). More over, the Western Province had 165, Central Province 120, Southern Province 38, North Western Province 77, Eastern Province 10, North Central 31, Uva 9, and Sabaragamuwa 20.

society were to provide welfare facilities and monetary services for business activities among the members. This “cooperative society movement” directly influenced the transformation of credit system in Malaysia. The monopoly of private moneylenders (Particularly Chettiars and Sikhs Indians) turned in to community based structure (Sandhu 1969: 292).

Selvarathnam et al. (2006) have also documented some of the prominent Sri Lankan Tamil business activists in Malaysia in diverse industries. The plantation industry, banking and insurance, jewellery, housing and accommodation, mercantile trading, prosthetic service industry, collection and delivery service, petrol station service, and grocery, retail trade are significant among the Tamil businesses that offered successful traders to the Malaysian community. There are also evidence of success in mining which was predominantly controlled by Chinese (ibid: 2). Solomon Kasinathar Ramanathan, S.R. Chelvanarayan, nagamuthu Ganapathipillai, K. Arumugam, V. Sinnathurai and D.T.R. Duraisingam are seem to be the pioneers of Jaffnese plantation proprietors in Malaysia. They have taken over the whole range of crop plantations such as paddy, rubber, coconut, oil palm and pepper. Moreover, some have manipulated their plantation industry rather innovatively introducing other crops like Tapioca and Sweet potatoes to overcome shortage of rice during the Japanese triumph over Malaysia in 1941-1945 (Ibid: 554). Ceylonese Tamils like Kathiresu Arumugam and B.P. Nicholas have led the way to banking industry in Malaysia. Kathiresu Arumugam fouded Bank of Jaffna in 1928 and later entered into printing industry launching one of the popular national news papers; *Malayan Daily Express* in 1930. The Oriental Bank of Malaya Ltd is known as the great vision of B.P.

Nicholas. The bank was established on 31st December 1936 by him becoming one of the first non-British bankers in Malaya. There are also some land mark entrepreneurs like S. Indran who covered dissimilar business areas among Ceylonese Tamils in Malaysia. He began his career as a Certified Public Accountant and later shifted to the business sector establishing a private printing press in 1970s. Moreover, he diversified his businesses entering into manufacturing industry producing aluminium and glass in his new venture Central Glass and Aluminium in late 1980s. He also became the owner of a huge housing complex called 'Villa Scott' in Jalan Kuchai Lama (Ibid: 558). Another Ceylonese Tamil, M. Thuraisingam became a front line business person in Malaysia introducing indispensable service with his career experience in prosthetic and orthotic business. He formed the Central Limb Centre in 1983, and expanded its branch later to Singapore. There are some significant female entrepreneurs too among Ceylonese Tamils in the male dominated business sector in Malaysia. Jeyamany Sabaratnam formed Jeyamany Enterprise 1963 merged to her husband's Caltex Petrol and Service Station in Jalan Travers (Ibid: 570).

Therefore, these findings about different sub divisions of Tamil business offer an alternative interpretation of the broad sense of ethnic entrepreneurship. In particular, it challenges the commonly held notion to oversimplify the entire ethnic identity of a given social group into a single story. Therefore, the concepts of great and little tradition seem to be a meaningful scale to measure different levels of ethnic entrepreneurship.

4.5. Summary

This chapter has been devoted towards formulating a macro-level understanding on Tamil entrepreneurship. Both primordial and situational aspects of ethnic economies have been used to understand the entrepreneurship among different Tamil groups. Much historical and chronological documentation have been used to build the heritage of Tamil business identity. Three-fold theories, namely *Kshatriya* or Aristocrat theory, the *Brahmin* or Sacerdotal Theory and the *Vaisya* or Traders Theory have been formulated by historians to explain the transmission of Indian culture particularly to the Southeast Asia. In addition to the above approaches, *Shudra* or slave aspect has been suggested here as a supplement to the diasporic expansion of Tamil communities as a result of the worldwide expansion of colonial plantation economy. A greater portion of the chapter was dedicated to the literature on *Nattukottai Chettiars* and their mercantile history in South and Southeast Asia and other parts of the world. Moreover, other Tamil business groups such as Tamil Muslims who are predominantly disseminated in South India, Sri Lanka, Singapore and Malaysia, and the Sri Lankan (Jaffna) Tamils in Malaysia have also been considered. A brief statement about the current trend of the Sri Lankan Tamil business synergy in US, UK and some other European and Scandinavian countries was also noted.

Chapter V

5. Origin of Up-country Tamil Business in Sri Lanka

5.1.1. Introduction

The purpose of this chapter is to investigate the socio-economic background of the Up-country Tamil community. The community is predominantly represented and identified in the literature as a marginalized group, and as such, the current chapter attempts to unpack the nature of their marginalization. Concurrently, it also attempts to examine how far this marginal identity affects the levels of internal integration within the group. As the chapter seeks to argue, some sub-groups within the larger Up-country Tamil community of Sri Lanka may have a higher ability to incorporate separate identities under their fold. Similar cultural beliefs, attitudes, and shared-experiences have led them to attain a community with a 'common consciousness'. Both primordial and situational social factors may have been responsible for either exclusion from other groups or inclusion into another sub-category. When common identification extends amongst the community, the reciprocity could be seen to appear between the various social actors. Therefore the concept of social capital could be a significant approach in examining the nature of social ties of the Up-country Tamil community. However, some historical facts on the Up-country Tamil community have been inserted into this chapter in order to understand the particular profile of the community in a more rigorous manner.

5.1.2 Up-land Tamils, Plantation Tamils, Indian-origin Tamils in Sri Lanka or “*Malaiyaka Tamil*” Community

The Up-country Tamils, sometimes known as ‘Hill-country-Tamils’, ‘High-land Tamils’ or simply ‘Indian Tamils’ are identified as a minority group that consists of Tamil people of South Indian origin in Sri Lanka. These Tamil speakers mostly live in the central highlands of Sri Lanka, yet others are also found in major urban areas and in the Northern and Eastern provinces. Defining the ethnic identity of the Up-country Tamil community should be carefully attempted given the social context in contemporary Sri Lanka,²⁴ considering the numerous and at times heated debates amongst scholars who have studied identity formation in postcolonial Sri Lankan society. As such, in the context of this study it would be more appropriate to use terms after stating the relevant sociological contexts of the Up-country Tamil community.

Terms such as ‘Indian Tamils’, ‘Indian Origin Tamils’, ‘Plantation Tamils’, ‘Estate Tamils’ (‘*wathu demala*’ (in Sinhala) or “*thotta Tamizhar*” is often used by the Tamils), ‘Up-country or Hill-country Tamils’ are most frequently used by writers who concentrate on different aspects of their identity formation. However, some writers prefer to frame separate identifications of the Up-country Tamils as a political project of the majority Sinhalese. For instance, Bass emphasizes, “...by the 1990s, ‘*Malaiyaka Tamils*’ came to be the most common term for the community in Tamil, translated as either ‘Up-country’ or ‘Hill-country’ Tamil. The latter is more literal and ‘*Malaiyaka Tamil*’ can be used without translation into English...” (2009:146). However, the new term also seems to be denoting another form of

²⁴ The term ‘Up-land Tamil’ is only used for the purpose of this study. The term ‘Up-country Tamil’ has been mostly used in Sri Lankan English for a long time and it may be somewhat strange for English readers.

project initiated by academics who studied Up-country Tamil community which has not been popular among the general populations.

The preference of the relevant community to identify themselves as ‘Tamils’ without suffixes like Up-country or Hill-country would be the most decisive factor in this sense. Though a singular or at-least united identification is important in terms of increasing their bargaining capacity, some stakeholders have stated substantial opportunities in drawing demarcations. In accordance with fieldwork findings, some respondents accused the ‘*Jaffna* Tamils’ for their exclusive interpretation upon the Up-country Tamil community. Valentine Daniel, a scholar on Sri Lankan Tamil community once stated his personal experience, noting that the most common attitude of *Jaffna* Tamils towards the Up-country people is as “traditionals” or “dated fellows” (Daniel: 1997). Jain states the situation is similar among the *Jaffnese* in Malaysia who hold a superior attitude about themselves and usually look down on Indian Tamils; particularly *Adi-Dravidas* (Jain 2009: 154).

Further, some express the benefits of being Up-country Tamils. For instance, Up-country Tamils are secure from their birth in terms of receiving a job at least for the satisfaction of everyday livelihood in spite of other ethnic groups being unemployed. According to the outcome of a personal interview of a school teacher, the educated Up-country Tamils obtain a quota for job opportunities informally in the public sector. Despite the opportunity to register in their education in *Sinhala* medium, they prefer to enter a Tamil school due to higher competition for jobs within the educated Sinhalese job seekers. Further, if they identified themselves as “Tamils” and form a common category, it would possibly generate another issue

with competition for job vacancies in teaching occupations in the schools of the estate sector will have to be shared with other Tamil speakers such as Sri Lankan Tamils and Tamil speaking Muslims. Therefore, in this sense, some seem to favour a distinct identification for themselves as ‘Up-country Tamils’.

5.2. A Brief History of Up-country Tamil Community

The immigration to Sri Lanka of Up-country Tamils is directly related to the historical expansion of global capitalism. Imperial economies heavily used their colonizers for the production of plantation crops. The coffee and tea plantations in Sri Lanka were the result of economic expansion. However, the colonial plantation system was not wholly successful in gaining a sustainable economic system for the colonies.

The colonial plantation proprietors faced challenges in terms of fulfilling their demand for labour domestically. Local labourers, particularly the Sinhalese did not prefer the work attached to blue-collar jobs under the colonial plantation system for several reasons. Hugh Tinker quotes from a letter written by T.W. Baynes, a judge in British Ceylon, dated 10th February 1841, on behalf of his brother who was a planter in Ceylon, to an Indian trader called Charles Dickens;

Labour here is somewhat scarce and (at) high price and is not to be depended on. My brother is very anxious to have coolies from the coast. They will be hutted with small piece of land for a garden. The Singhalese coolies are very idle and owing to the scarcity of their numbers, they give themselves great airs (Tinker, 1974: 70).

The above quotation reflects several aspects of the labour shortages at the earlier stages in the plantation sector. The lack of human resource availability in the central highlands for the fulfillment of the growing plantation economy could have been

the main reason for the demand for workers. Owing to the unsuccessful attempt to employ Sinhalese labour in tea plantations, successive colonial governors in Ceylon sought to find other options from abroad.²⁵ At the initial stage of this effort, British planters seem to have paid their attention to solve the labour problem by bringing in Chinese labourers and African slaves. For instance, the then Governor of Ceylon Viscount Torrington wrote to the Colonial Secretary requesting the possibility of recruiting Chinese labour in Ceylon, to be hired from Hong Kong, Amoy or Singapore by providing a proper package of allowances in 1847 (Chattopadhyaya 1979: 18). However all these efforts were abandoned after reporting their luxurious lifestyle in Natal and African labourers were not being attached to the Ceylonese highland tea estates owing to the abolition of slavery in 1834 (ibid).

²⁵ There are, some other evidence that Sinhalese have been reluctant to work as wage labourers in the estates belonging to British proprietors. . J. Steuart, an English writer tried to compare the England and British Ceylon as follows;

"In England the difficulty is to find employment for the poor; while in Ceylon the difficulty is to find the poor to employ. England has not sufficient land to produce foods for its manufacturing people; while Ceylon has not sufficient manufacturing labouring population to cultivate the soil of English capitalists and has none to spare for manufacturing process" (Quoted in Pieris 1952).

On the other hand, the traditional sustainable economy, Buddhist social ethic and the accustoming to prolonged feudalism did not promote general masses towards conspicuous consumption through the accumulation of wealth. Expressing this common phenomenon, at the opening session of the Ceylon Legislative Council in 1866; Governor Robinsons said:

"The wants of the native population of the Island are few and easily supplied by an occasional days work in their own gardens or paddy fields. Their philosophy, their love of ease and indolence or their limited ideas, whichever may be the cause render them perfectly content with what they already possess." (Quoted in Bandarage 1993, p.175).

Consolidating the same consideration, Sir Henry Word, Governor of Ceylon (1855-1860), wrote to the colonial office;

"The attempt to induce the native population to take part in those improvements that have converted jungle into thriving coffee plantations upon which an enormous amount of British capital and enterprise has been expanded, has so far failed so entirely that the whole of the work of plantations is carried on by immigrant coolies labour (from South India). No amount of wages, no hopes of prospective advantages, no desire to improve their conditions by imitating habits of their European neighbours, have acted as yet upon the Singhalese mind, or rouse the people from their ability. With wants easily satisfied, and a fertile soil subdivided into small holdings, they can always command the absolute necessities of life and seem to look no further" (Sri Lanka National Archives).

The British rulers turned to India as a source of cheap labour supply. India already had been a major source of labour not only for planters but for the emerging industries in the British colonial system. South India had been significant in the process. The British planters in Ceylon recognized the South Indian Tamil labour force as attractive option in terms of filling the labour shortages. S.D. Muni (1993, 44) states the labour migration from India to Sri Lanka was basically conducted under three systems of contract, namely Indenture (1839-1916), *Kangani*. (1833-1939), and *Maistry* (1876-1941).

5.2.2. Push Factors of Indian Labour in Sri Lanka

Apart from these pull factors, a number of push factors existed on the Indian subcontinent. Economic conditions in South India were weak, encouraging labour migration, which the then Indian government encouraged as well. Many scholars have emphasized: "...the need of the people to obtain relief from a situation which was no longer tolerable as well as the demand of colonialism. As a result of the negative 'push' of land and job scarcity, there was the 'pull' of better life" (CERAK 1989: 8, Sahadevan 1994: 44, Frasci et al. 2006). Furthermore, the landlessness of the Madras presidency due to overpopulation was widespread and droughts and famines made hardship more frequent in the region (Hollup: 1994: 26). Sathyanarayan (2001: 13) states that South Indian labour migration had been happening more frequently in the past as a result of crop failure, bad weather, famine and various environmental disasters. Wesumperuma mentions multiple factors for the moving of South India labourers from their native lands. At least 10-15 percent of the total population of South India belonged to the landless peasant

class derived from several vulnerable castes such as *palli*, *paraiyan*, *pallan* and *cheruman*. These social classes were highly depressed because they were prevented from acquiring sufficient agricultural land at the beginning of the 19th century (Chattopadhyaya 1979: 21; Wesumperuma 1994: 16).

The agricultural class had to face another issue, competition for land with others who belonged to the same social rank entering agricultural activities. This was an unintended consequence of Indian village handicraft industry falling due to the flooding of the Indian market with cheaper British-manufactured commodities in the 19th century. Those local producers who were unemployed turned towards the agricultural industry. The other significant factor is that the agricultural labour population was gradually replaced by their land proprietors who in the course of the 19th century found themselves regularly deprived of their land holdings. However, the lack of arable land was not the major issue that led to the oppression of the peasants. The land revenue policy intended by English East India Company dropped the peasant community into the deep bottom of indebtedness. Particularly during the 1830s and 1840s, under the *raiyyatwari* as well as *zamindari* systems, the heavy collections of taxes persuaded many peasants to give up cultivation (Wesumperuma; 1986: 18). One-third of the total production of the field was demanded as revenue. To add to the hardship, the revenue was required to be paid in cash, which was not fixed based on the annual productivity of the field or the prevailing market price (Chattopadhyaya 1979: 22). As the inevitable option, the poor peasants followed the course that would have been followed by any other person oppressed under such situation; they went to the local money-lenders who had strong networks across the region.

Table 5.1**South Indian Districts from which the Immigrant Labour was drawn for the plantations in Sri Lanka, 1905-20**

District	For 45 percent of the immigrants in the years 1905-10	For 85 per cent of immigrants in the years 1910-20
Trichinopoly	29	40
Tinnevely	21	06
Madurai	16	13
Tanjore	18	08
Salem	06	05
North Arcot	04	07
South Arcot	02	06
Other Districts	04	15

Source: AnR of CLC (Annual Series, 1905-1920), YPAC (Quoted in Vesumperuma 1986).

The oppression of the lower caste communities by the elites such as local land lords (*Sammidars*) was another significant factor that alienated the peasantry from their own native land. It may be considered a privilege to escape from the rigid caste burden and move towards a new location. This situation influenced particular castes such as *Pallar* and *Paraiyar* (ibid). The oppression of the so-called ‘lower caste people’ in South India has not been considerably reduced even at present times (Deepa: 2002). The caste factor was one of the major issues that were cited to the refusal of the Up-country Tamils to return to the native lands during repatriation programmes in the 1970s. The caste restrictions of the low castes in South India have been vividly illustrated by Kanapathipillai, quoting her personal interview with a female estate worker from Hatton: “My aunt and her family can not even wear slippers in the presence of the high castes” (Kanapathipillai 2009: 156). Therefore, the immigrant labourers would have been persuaded by the notion of far more liberal life at the Ceylonese tea estates.

During the period of Governor Sir William Gregory (1872-1877) there was a gradual increase in the number of immigrant workers who travelled by sea. For

instance, Gregory informed the colonial office that four vessels of 150 to 300 registered tons were being hired per month for the carriage of ‘coolies’ (Moldrich 1988: 46).

Table 5.2
Growth of Indian Tamil Estate Population in Ceylon

Year	Population
1827	10,000
1847	50,000
1877	146,000
1911	457,765
1921	493,944
1931	492,540
1946	665,853
1961	949,684

Source: Compiled from Ceylon Census Reports: Administration Reports of the Labour Commissioner (Quoted in Kodikara 1965).

Many scholars have emphasized the hardships faced by emigrants who walked long distances by land from Paumben via Thaleimannar to Central Highlands of Ceylon (Dawood 1980: 63-64; Moldrich 1988: 49-59; CERAK 1989: 9-15; Driesen 1997). According to the autobiography of a *Kangani*, there were fourteen stages in the journey to Kandy, which included six days of walking. Thereafter the early migrants had to walk an additional three days to Nawalapitiya (Moldrich 1988: 49). Many were subject to various difficulties on the way such as snake and leach-bites or attacks by leopards. Some suffered heavily from malaria, cholera, and diarrhoea or starvation due to lack of food and water. A British official to the Emigration Proceeding of 1871-72, W. C. described the conditions thus:

The miserable gangs of coolies of 1843 and 1845, with one or two women to fifty or a hundred men, strangers in a strange land, ill-fed, ill-clothed, eating any garbage they came across... travelling over jungle paths, sometimes with scarcely a drop of water to be found anywhere near them for miles, and at other times knee-deep, the greater part of the way in water, with the country all round a swamp, working on estates just reclaimed from jungle, or on jungles about to be converted into estates, badly housed and little understood by their employers (Dawood 1980: 64).

According to some records, many coolies who were suffering under such inhuman conditions were left to die and were given up on without inquiry or inquest (Moldrich 1988). However, they continued to migrate into Sri Lanka because of the rather weak situation in India due to long-term drought and famine. The hard lifestyle of the workers became acute with low infrastructural conditions in the plantation sector. On the one hand they were being employed for intensely labour-intensive work in geographically remote areas of Sri Lanka, and on the other hand, they tended to be nostalgic as a result of their uprooting from their familiar socio-cultural background. While they had managed to momentarily break away from the caste-based social order they were required to adapt into the new hierarchical and bureaucratic order of the plantation sector. This can be taken as an appropriate systematically organized social structure.

5.3. Social ties of Up-country Tamil community

Religion, kinship structure and politics play a crucial role in terms of making primary cultural bonds and secondary social integration among the Upcountry Tamil communities. Despite the existence of many internal and external destructive factors, these social organizations tend to add an additional symbolic and cultural value for their networking purposes.

5.3.1. Religion

Religion may be one of the most significant factors among the Up-country Tamils leading to their classification as a separate community. The vast majority of Up-country Tamils are Hindus. While the Up-country Tamils share many values with other Sri Lankan Hindus, they have continued their ancestral practices and rites

around non-sanskritic deities. However, these beliefs and functions are subjected to change with the adoption to the novel social structure of the plantation sector in Ceylon leading to the reconfigurations of caste, kinship, and neighbourhood network relations.

Table 5.3
Religious composition of the Up-country Tamils- 1981

Religion	Per cent
Hindu	90.0
Roman Catholic	6.2
Christian	1.4
Islam	0.5
Buddhist	1.8
Others	0.1
Total	100

Source: Department of Census and Statistics, Colombo,

According to the popularity order of the non-sanskritic Hindu pantheon, *Mariamman*, *Murugan*, *Walli*, *Thevanai*, *Shiva*, *Parvathi*, *Vishnu*, *Lukshmi* and *Saraswathi* are important in the ‘great traditional’ belief of the plantation Tamil community. There are many shrines for the god *Mariamman*, who is particularly popular among women over the places where they were staying in the initial stages of their arrival in Ceylon. Recently the most famous *Kovil* for *Muttu Mariamman* was built in Matale in 1952. Further there is a pantheon of ‘little traditional’ gods respected as the ‘guardians’ of each caste such as *Valraja*, *Madasamy*, *Nallananpillei Perumal*, *Muniyandi*, *Kali*, *Madurei Veeran*, *Sangali Karuppan*, *Vairavar*, *Veerabathran*, *Sudalai Madan*, *Nagapooshani Amman*, *Rodamini*, *Nondi Appachi*, *Sendakatti* etc. (Modlrich 1988: 110). They also respect such items as the trident, and the *Shivalingam*, believed to be belongings of gods, as religious symbols. Therefore the main point that could be extracted from their belief system

is what leads to a common consciousness and solidarity within the community and the belief in family gods or guardians of caste stimulates the in-group consciousness.

However, these religious beliefs and activities also caused anxiety amongst the European planters during the colonial period. The Europeans identified these religious practices as un-civilized behaviour. Therefore, the English planters attempted to make them “civilized” under the Christian tradition. The intense attempts of the colonial Christian missionaries, called “Tamil Cooley Mission” or later known as Tamil Church Mission”, to convert Indian plantation workers into Christianity have been documented (Moldrich 1988: 110-112). For instance, Rev. Septimus Hobbs who contributed to “mission” in 1850s stated his account of the work:

The greater part of the catechists’ time is spent in visiting the different estates and preaching to the coolies. After being thus engaged for about ten days they return to Kandy to rest for a day or two, and receive further instruction from the superintendent of the Mission. Each of them receives a list of the estates he is to visit on his next journey and sets out on another tour. Each catechist keeps a journal in which he records the principal occurrences of each day and these journals are read to the superintendent when catechist comes to Kandy (Quoted in *ibid*: 110).

However, all these attempts only had limited success. The workers had been highly accustomed to believe in the traditional Hindu pantheon. The hard experience of converting coolies to Christianity by the Tamil Church Mission was known in London as “The Ceylon Controversy” and according to another writer, its attempts were to “divide the Island from one end to the other” (*ibid*). Sometimes the attempts of Christian missionaries were successful and the labourers who had been converted into Christianity were offered better privileges (*ibid*), but the majority of Tamil coolies were staunch Hindus and refused to change their traditional beliefs. They

tended to favour assimilating customs and beliefs from other religions such as Buddhism and Christianity rather than converting into them. Therefore, the religious factor among Up-country Tamils seems to be crucial in terms of integrating them into a common group or community.

5.3.2. Kinship

Despite the fact that Up-country Tamils have spent a considerable period since moving from their native places, the kinship factor still plays a crucial role (Philips 2003). Therefore, an analysis of their social organization may not be complete unless a proper investigation of the traditional kinship order is considered. The social organization in the traditional South Indian societies had been mostly associated with the caste and kinship order. Kinship plays an important role in life cycle rituals and events such as childbirth, pregnancy, puberty, marriage, and death and so on.

The following incident may be fitting to understand how far they suffered from inability to conduct their traditional rituals due to the absence of their kin. Vedavalli A researcher stated her experience about India-Sri Lanka labour immigrant families, quoting: “Ramayi, 30, living in Kakasolai has only one daughter. All her brothers and parallel cousins are in Sri Lanka. She feels that her brothers would not be able to come for the puberty ceremony for her only daughter. She feels sad that in spite of having been blessed with six “*thai maman*” (maternal uncles), her daughter is not fortunate enough to receive their blessings at the ceremony” ([Vedavalli 1994: 162] Kanapathipillai 2009: 158). Moreover, the immigrant labourers from South India did not intend to settle down in Ceylon permanently, and the intention was to return

to their native places as soon as possible. For instance, the number of persons who returned to India in 1843 alone was 19,693 (CERAK 1989: 11). The same report states that in the villages of Tamilnadu, human relationship had been rigidly bonded by blood relationships. They had tied their life on the one hand to the land and on the other, to their dedication to festivals, worship of family deities, Thaipongal and Deepavali celebration and the strong family ties such as children, spouse, parents, brothers and sisters (ibid).

Nevertheless, we cannot expect their kinship ties to survive in the same form under the current circumstances of the plantation sector in Sri Lanka even after having gone through several remarkable rites of passage such as birth, marriage and death. The current politico-economic factors would be crucial in terms of determining the everyday lifestyles of the workers. They are also required to adapt to the changes in the administration of their employing estate. Residential areas may depend on the demand for labour, which is being periodically changed in the plantation sector. However, the kinship relationship among the Up-country community plays a crucial role as social capital. Some writers have suggested that kinship ties in the Asian region are a key factor in determining their economic success.

5.3.3. Politics

From the early days of the plantation system in Sri Lanka, Up-country Tamils have rigorously participated in political activities. For instance, Ponnambalam (1983: 34) states that Up-country Tamils do not express their collective identity in terms of their language, culture or religion. They always reflect their class identity through political activity. Although Ponnambalam places excessive weight on the political

factor disregarding all other socio-cultural integrative factors, it reflects how much they are attached to the political system in Sri Lanka. From the 1930s, they came to be organized into trade unions and by the 1950s; every Up-country Tamil was a member of a workers union, which was led by elite individuals from the community.

In 1931, the Donoughmore Constitution introduced Universal Adult Franchise and consequently the Plantation Tamils were also granted voting rights (ibid). However, offering voting rights to immigrants had been a controversial issue among the locals, particularly some of the Sinhalese nationalists, who agitated in the legislative council and supported the idea to send back the 'Indians' (ibid). Therefore, the issue was a highly sensitive one among nationalists and even among the national political elite in India. Jawaharlal Nehru who later became prime minister of Independent India intervened into the problem, and soon after the Ceylon Indian Congress (CIC) was formed to lead the Up-country Tamils. The Congress was established as a powerful political party and a trade union.

The CIC, which later became the CWC (Ceylon Worker's Congress), was led by Soumyamoorthy Thondaman who came to Ceylon in 1924 at the age of 11 along with his father who migrated to Ceylon as a *kangani*. Under his leadership the CIC won 8 seats in the first parliament out of a total of 101 (Wickramasingha 2006). Thereafter, the Senanayake government in independent Sri Lanka passed the Ceylon Citizenship Act, depriving the voting right of Plantation Tamils who had lived in Ceylon for several generations. Consequently in the next election in 1952, the Up-country Tamil representation was totally exterminated from parliament

(ibid). Again the situation led to the breeding of unrest and tension among Indian plantation workers and it affected Indian internal politics. In October 1964, then Indian Prime Minister Lal Bahadur Shastri and Sri Lankan Prime Minister Sirimavo Bandaranaike agreed to grant citizenship to 300,000 of an estimated 975,000 of Indian origin Tamil workers, and India agreed to grant Indian citizenship and repatriate to India 525,000 such persons under the well-known Sirima-Shastri Pact (Kodikara 1978). Natural increases in the stipulated numbers for repatriation to India and grant of Sri Lankan citizenship were also emphasized in the agreement. The 150,000 Indian origins not covered by this agreement and were to be subjected of further negotiation. In 1974, Sirimavo Bandaranaike and ex Prime Minister of India Indira Gandhi agreed to take equal responsibility for them granting citizenship per 75,000 persons to each country in addition to the numbers that were earlier agreed upon (Ibid).

However, the agreement did not function properly due to several reasons. Some were reluctant to return to their motherland and some others expected to be given citizenship in both countries. One major outstanding problem connected with the implementation of the agreement is the fact that when the list was closed for application for Sri Lankan citizenship or repatriation to India. According to documentation of April 1970, approximately 625,000 stateless persons of Indian Tamils applied for Sri Lankan citizenship while only 400,000 persons had applied for repatriation to India (Ibid). This unexpected demand was not attractive to political leaders of both countries and the protestors continued to live in a prolonged transitional period of statelessness. Until the end of 1977 only 219,202 including a natural increase in this number of 58,029, making up a to India, while 125,250 plus

a natural increase in this number of 32,325, making up a total of 157,575 persons were granted Sri Lankan citizenship.

Then in 1988, the United National Party (UNP) government of President R. Premadasa passed an Act to grant citizenship to the entire Up-country Tamil community who had been rendered stateless. As an extent of the process, in 2003 the parliament unanimously decided to grant citizenship to the remnants of the Tamils left in the country numbering 168,141 (Wickramasingha 2006). Currently almost all emigrant Tamil plantation workers enjoy Sri Lankan citizenship. The prominent political parties with non-Tamil power bases such as the United National Party, Sri Lanka Freedom Party (SLFP), and many other Up-country Tamil political organizations are also engaged in workers union activities amongst them at present. The Up-country Tamil community has succeeded in gaining considerable political representation for their community in the parliament by assisting these political parties. However, the democratic political system was adopted by the plantation sector as a mechanism, which could be used to maintain the traditional social order. It supported the retention of structurally demarcated social positions of two groups namely the *Kanganies* and labourers. It consolidated the leadership of the worker unions and the upper positions of political parties acquired by the structural elites, whereas general labourers were further marginalized (Silva et al. 2009). This political involvement, however, also elevated them into a powerful position increasing the bargaining capacity as a separate ethnic group.

5.5. Caste as a promoting factor towards class

Caste plays a crucial role within the Up-country Tamil community in the plantation sector. It is associated with determination of both social status and class hierarchy. The caste roles of plantation Tamils in Sri Lanka is certain to be an extension of the South Indian caste system (Silva et al. 2009: 22). The following statistics held by the Ceylon Labour Commission indicate the caste composition of the migrants from South India to Ceylon in 1905-1920. Recording of caste factor is documented more heavily in the period 1910-1920 than 1905-1910 due to the availability of more resources.

Table 5.4

The Percentage Distribution of the Castes of the Immigrants, 1905-20

Caste	For 45 percent of the immigrants of the years 1905-10	For 85 percent of immigrants in the years 1910-1920
<i>Vellala</i>	21	17.5
<i>Ambalakaran</i>	16	17.0
<i>Pariah</i>	20	23.0
<i>Pallas</i>	11	15.5
<i>Kallar</i>	06	5.5
<i>Sakkili (Cakkiliar)</i>	03	4.0
Others (mainly <i>Channar</i> , <i>Vannar</i> , <i>Oddas</i> and <i>Ambatta</i>)	23	17.5

Source: AnR of CLC (Annual Series, 1905-1920), YPAC (Quoted in Vesumperuma 1986).

Initially the plantation labour structure had been established under the “*kangani* system” which is the mechanism of handling labourers under the heavy handedness of upper castes within their own community. At the beginning, they were recruited as labourers without considering the caste by the British planters. But after the British realized the associated caste based taboos and rituals of Indian labourer community, the planters not only allowed the communities to maintain their caste structure, but also succeeded in managing their requirement by utilizing the caste

system (Hollup 1994: 222-223). Thereafter, caste had been considered even when they were providing accommodation in the plantations. Homes for upper caste people such as *Vellar*, *Kallar*, *Agamudiyar*, *Maravar*, *Naidus*, and *Rudiyanaavar* were located at the first row of their line²⁶ rooms. They performed respectable jobs such as factory work and grinding of tea. Even though upper caste people belong to the labourer category, they are significant among conductors, tea makers, *kanganies* and supervisors and other officials. They work as minor employees too. The workers, considered low castes, had their dwellings away from the centre and these dwellings are called distant or lower lines. Lower caste members had to work attached to the “3D” (dirty, difficult and dangerous) jobs. For instance, comparatively ‘harder’ jobs such as weeding and pruning were allocated to the lower castes such as *Chakkiliyan*, *Pallan* and *Paraiyan* even at the official work process (Jeyaraman 1975: 65-227; Hollup 1994: 167-235).

The caste hierarchy within the labour community could vary with the represented population of each estate. For instance, Jeyaraman (1975: 66) identified eight peasant castes according to the hierarchical order, *Vellalan*, *Kallan*, *Muthuraja*, *Ambalkkaran*, *Konan*, *Padayachi*, *Naidu*, *Panikkan*; two specialist castes: *Vannan* (Washerman), *Pariyari* (Barber); and two *Adi-Dravida* castes: *Pallan* and *Paraiyan* at Kodame Estate in which he conducted his studies. Hollup has classified ten upper castes in his study as: *Mottai Vellalan*, *Reddiyar*, *Agamudiyar*, *Muthuraj*, *Naidu*, *Mudaliyar*, *Uddaiyar*, *Padaiyachi*, *Kavuntar*, *Pandaram*; two special castes: Washerman, Baber and three lower castes: *Pallan*, *Praiyan*, and *chakkiliyan* (Ibid: 221).

²⁶ Barrack-like ghettos, usually they are popular as “line” 10-by-12-feet back to back rooms.

William Clarke a planter at the early stages of a coffee plantation in Ceylon submitted his findings in a letter to the Association of Plantation Proprietors as “a statistical accounts with notes, of the different castes employed in coffee estates. Although he did not mention his data collecting methodology in his classification of castes among Indian coffee workers in Ceylon, his ideas may help to generalize the caste structure.

Table 5.5
Proportion in workforce on caste identity

Name of Caste	Status	Percentage
<i>Paraiahs</i>	L	30
<i>Pallars</i>	L	26
<i>Chakliars</i>	L	16
<i>Agambadiars</i>	M	5
<i>Kallars</i>	M	5
<i>Mottei Vellalars</i>	H	3
<i>Retties</i>	M	3
<i>Edeiars</i>	M	2
<i>Maravars</i>	M	2
<i>Pulukkers</i>	—	1 1/2
<i>Kammalars</i>	M	1
Goldsmiths		
Braziers		
Carpenters		
Blacksmiths		
Stonemasons		
<i>Shanahs</i>	M	1
<i>Vellalars</i>	H	1/2
<i>Chetties</i>	H	1/2
<i>Kurumbars</i>	H	1/2
<i>Vannars</i>	M	1/2
<i>Ambattiars</i>	M	1/2
<i>Yeeluvans</i>	M	1/2
<i>Tattiars</i>	M	1/2
<i>Nayakkars</i>	H	1/4
<i>Canarrese</i>	L,M and H	1/4
<i>Valluvans</i>	M	1/2
<i>Pannars</i>	M	1/4
<i>Kuruvars</i>	L	1/4
<i>Paravars</i>	M	1/4

Moldrich 1988: 114-115.

Notes: Clarke used the letters L, M and H to denote the status of castes low, medium and high.

Considering the caste composition, table 5.6 shows the vast majority of Up-country Tamils comprise the *Pariah*, *Pallar* and *Chakkiliar* (PPC) castes. In spite of being

numerically significant, the higher castes like *Vellalas* and some medium castes such as *Agabadiars* and *Kallsars* are responsible for maintaining control of the labour supervisory and intermediate level occupational positions in the plantation sector. This situation was emphasized as a “truncated social pyramid” by researchers. (Mahroof 2000.; Balasundaram et al. 2009). Beyond the occupational structure of each caste, some researchers have found folk songs used among estate-labours regarding their attitude towards characteristics of each caste-group:

*“Kallanukku powerirukku – vellalanukku panmirukku
Kavundanukku serukkukirukku – Pallanukku paliyirrukku
Parayanukku pattirukku – chakkiliyan sandaiyirukku”*

*(Kallan has power - Vellalan has money
Kaundan has pride – Pallar has revenge
Paryan has songs – Chakkilian has fight)*

(Daniel 1994: see also Balasundaram et al. 2009: 90)

Despite the stereotypical associations, and whilst such folk songs do not allow us to make broader sense on the characteristics of Tamil caste, the associations may be useful in terms of understanding the general attitude towards each group within the community. Moreover these elucidations reflect a particular aspect of everyday life of the plantation Tamil community. Power, money, pride, revenge, arts and fighting symbolize the happiness, pain, grievances and emancipations of categories within the traditional hierarchy.

There has also been an endless struggle and competition for economic stability, political power and social status within the sub-castes. Every caste has attempted to take over each other demanding their structural identity (Hardgrave 1969: 114). Therefore, some argue that Dravidian caste identity is quite different from Brahmans *varna* (caste) interpretations on varying levels of ritual purity and

pollution (Maloney 1975; Vincentnathan 1996). Consequently, there is some evidence that lower caste members have succeeded in overcoming caste barriers and later moved up to *Kangani* positions within the plantation system. For instance, Heidemann (1992) notes that there are considerable changes in the traditional Hindu caste structure of the labour community within the occupational arrangement of plantation economy in Sri Lanka. He also takes examples from the Codame Estate in Matale using the same classification presented by Jeyaraman. Heidemann points out “there are five (out of a total of six) head *kanganis* from *Adi-Dravida* caste (*Harijans*), whereas in the labour force there are 102 non-Brahman and 228 *Adi-Dravidas*, [therefore] *Adi-dravida* head *kanganies* supervised many non-Brahman labourers [at Codame Estate] (ibid: 81). This trend has been emphasized by some researchers as one of the sources for the “untouchable” being transformed into a “touchable” in the plantation sector (Balasundaram et al. 2009: 84). However, in the matter of achieving class and status through mobility channels such as education, occupations and trade, the caste factor still seems considerably important in the plantation sector.

5.5.2. Caste as a stimulating factor towards trade

The traditional caste structure was not just put into practice in an orthodox manner but it adapted the changes implementing them in the plantation economy and particularly in their administrative system. The *Kangani* community was frequently involved in trade and other activities associated within upward mobility such as higher education, and employment in the other sectors of the colonial economy. Their civil status and economic power would be helpful to construct heterophilous relations with outsiders.

Currently a considerable number of up-country Tamils have succeeded in moving from their traditional order through engaging in trade activities. Most of the Up-country Tamil traders who migrated to towns and bazaars belong to high castes such as *Mottai Wellalan*, *Maravan*, *Reddiyar*, *Naidu*, *Aghamudiyar*, and *Mudaliyars*. *Mottai Wellalans* (Hollup 1994: 220). Caste membership and kinship networks are exceedingly important in activities associated within upward mobility and to engage in trade activities. For instance, Hollup emphasizes: “The conditions for obtaining a job as a salesman with Tamil traders are not exclusively determined by educational qualifications and skills, but to a great extent by caste and kinship connections”. Most of the traders in the bazaars come from clans of their fathers or grandfathers who were estate staff, small property owners, head *Kanganies*, or sometimes sub-*Kanganies*, watchmen and labourers who belong to one of the higher castes (ibid: 235).

Since upper caste Tamil merchants established their businesses in the towns of the central highlands or outside areas, they preferred to engage only boys from their own caste or other higher castes as helpers and salesmen. They refused to employ low caste boys to work in their shops, and the general pattern or tendency is to give jobs to their own kin or other high caste members on recommendation Hollup (1994: 236). The author has presented a significant case based on his field research about the exclusion of outsiders from their caste and kinship-base networking pattern. A low-caste boy was denied a job as a shopkeeper by the owner after he disclosed his ‘real’ origin. This is an example for investment of homophilous social capital of their businesses as a significant characteristic. These similarities can

occur with certain attributes, such as belief, education, social status etc. Therefore, Up-country Tamil business network seems to be efficient within homogenous groups which are structuralized through the caste and kinship system.

According to available evidence, the job scarcity on the plantation sector was also a blessing in disguise especially for upper caste people who had personal contacts with external communities. The *Kangani* community that was involved in trade and other up-ward mobility activities (such as higher education) was able to find employment in other sectors. They utilized their civil status and economic power to gain heterophilous relations with outsiders. Particularly, the social power of the *Kanganis* was sustained, to later become another form of a local elite group. They built their personal careers in business by operating in surrounding towns and bazaars in the estate sector and further extended them even into Colombo (Wenzlhuemer 2008: 237-238). There is also some evidence of *kanganis* who succeeded in accumulating wealth sufficient enough to enable them become proprietors of some tea plantations (i.e. *Sivalingam* Estate at Hatton and *Periyasami Pillei* Estate at Gampola). Moreover, the entrepreneurial rise of *kanganis* is not only reported in Sri Lanka, but they have engaged in some businesses in Malaysia as well. Particularly the credit requirements of estate labourers have usually been fulfilled by *Kanganis*. The reliance on *Kanganis* by estate developers for financial support was inevitable. The situation created an appropriate atmosphere for *kanganis* to enter into the lucrative regular money lending and pawn brokering industry in Malaysia (Jain 2009). Therefore, it is safe to assume that there had been a greater possibility for upper caste people to go for new mobility channels than the lower castes in the plantation sector.

There is also some evidence to suggest that the *Nattukuttai Chettiars* have been affected in their entrepreneurial relationship with particular castes among the Up-country Tamil community. Those *Chettiars* who received Sri Lankan citizenship and resided in the inner cities were assimilated into the Up-country Tamil community. Generally they employed some Up-country Tamil people from particular castes like *Kallan* and *Maravan* as assistants in their residences and business premises (Weerasooriya 1973: 8). Although they maintained direct relationship only with particular castes, it does not mean that they never held any contact with the others. They developed a good relationship with all Up-country Tamil people through providing the services of money lending and pawn brokering.

5.4. Kanganies and Kanakkupullais: the top of the bottom

The occupational structure of the traditional estate sector was formed under a specific hierarchical order from the beginning of the plantation enterprise. The hierarchical order generally starts from the Owner, then the Superintendent, The Assistant Superintendent, the Accountant, the Tea Maker, the Clerk, the *Kanakkupillai*, the Head *Kangani*, the Sub *Kangani*, and the labourers. The entire plantation system in the Sri Lankan highlands remained in this order for a prolonged period. Although the internal mechanism has been altered with the modernization of its technology and managerial system, the constituents of the structure remain the same. At present almost all estates have readjusted their productive process, adapting to the modern office arrangement with new technology

(Appendix III). However, the old *kanakkupillai*, the old *kangani* and the labourers are involved in the same jobs under different names and labels.

According to the hierarchical order of the plantation sector, the owner is on top of the order and all others in the estate are his employees. Under the traditional plantation system, the owner normally was called as *periya dori* in the estate ('Big Boss') and maintains all kinds of responsibility such as finance, maintenance, conflict resolution and administration of the estate. He is not often available in the estate and mostly resides in a major city or some popular area. The superintendent is known as *sinna dori* (small boss) generally his duty is everyday maintenance and steering the whole administrative system of the estate. He is also directly under the control of the owner. He receives a monthly salary and a fully furnished bungalow and several servants. The superintendent's bungalow is situated in one of the best locations of the estate and away from the lower ranks such as *kanganis* and labourers. The Assistant Superintendent generally assists the superintendent in carrying out specific tasks in the estates such as supervision of weeding, pruning, and registering in the morning parade. He is subordinate to the superintendent and claims a monthly salary lower than the superintendent. He also resides in another bungalow of the estate situated near the superintendent's bungalow. The accountant is responsible for looking after the major work of taking accounts of receipts and payments, production and sale of tea and all kind of payments of wages to labourers and so on.

The clerk's major duty is helping the accountant for maintenance of accounts in addition to his work as the typist. Both accountant and clerk receive fixed salaries

every month. The accountant's salary is generally higher than the clerk's salary but less than that of the Assistant Superintendent. They have fixed places to work in the estate and the duration of their working hours is equal to the required working period of the current government officers in Sri Lanka. The tea maker looks after the major technical works involved in the tea production process. His responsibility is to be present in the factory until the machines stop running each day. Often he is required to work overtime; in the busy days as well as when there is an abundance of tea leaves. His salary is equivalent to that of the Accountant and in addition a monthly incentive is paid according to the demand of quality tea in the wholesale market. As stated earlier the next rank of the estate hierarchy is *kanakkupillei*, who mainly associates with labour, account keeping, and maintaining their notebook, also known as the pocket check-roll and other labour related duties such as total tea production, tools and implements the labourers take out for work and so on as mandated by the supervisor.

The Accountant, The Clerk, the Tea-maker and the *Kanakkupillai* are under the direct control of the Supervisor. They are also provided accommodation facilities within estate premises, each getting a free of charge, two room quarters. The quarters of these ranks are away from labourer's lines and also from those of the superintendents.

The *Kangani* comes next in the estate work hierarchy and this position can be identified under two sub divisions: *Peria-kangani* ('Head *Kangani*') and *Sinna-kangani* ('Sub *kangani*').²⁷ At the bottom of the structural order of the plantation

²⁷ Their duty and internal relations have been discussed earlier.

system stand the labourers and they are directly controlled under the supervision of the *sinna* and *peria kanganies*. Commonly all of these ranks live in the line rooms situated in an isolated area away from the bungalows of the superiors. While the labourers are at the lowest rank of the system, the *Kanganies* are considered superior to them.

5.4.2. Rise of *Kanganis*

The *Kangani* factor is important in terms of unravelling the make-up of the social system of the plantation sector. The *Kangani* is also an Indian Tamil, but his position is higher in the plantation system in several aspects such as status and power which is based on caste hierarchy and social class derived from the economic structure of the plantation sector. Even from the initial stages of the colonial management of the plantation sector when the colonists tactically used existing social structures for their administrative purposes. For instance, the caste factor which is predominant in South Asian communities had been indirectly beneficial to the Europeans to establish their colonial power smoothly over the entire region. Mostly the structural elites who were drawn from the patriarchal power bases in traditional societies were mandated with newer forms as local agents of colonial administrations (Jiandu 1973; Baru 1987; Childs 1997).

The bottom levels of the traditional caste systems in the region were victimized to a certain extent under the newly introduced capitalist system. The rural inhabitants belonging to lower caste positions in South Indian communities became one of the most highly exploited social groups by the newly authorized local elites

(Chattopadhyaya 1979; Deepa 2002: 558). As a result of these elite oriented fundamental codes, *Kanganies* who already owned agricultural labour gangs succeeded in gaining remarkable benefits from the newly established socio-economic premises. Some *Kanganies* employed people who were in their personal labour gangs in Ceylonese highland coffee and tea plantations. The *Kanganies* automatically became the recruiting agents for planters and later it was established as the '*Kangani* system' that supported the maintainance of labour supply (Heidamann 1992).

Therefore these labour gangs called "coolies" with their *kangani* leaders was a cheap labour pool for large-scale coffee and tea plantation in the Hill Country areas under the assistance of colonial government from 1814. They arrived in 'gangs' of 25 to 100 each under a *Kangani* (leader) as the recruiting agent. Beginning with about 3000 in 1839, the arrival increased to 77,000 in 1844 (Ponnambalam 1983: 34). The tea plantations rapidly increased across the colonial world by the end of the 1870s and 1890s. Consequently the demand for South Indian labourers increased. Colonial proprietors of tea estates paid their attention on necessity of labour only. They did not have sufficient contacts with sources of labour while the *kanganies* succeeded in establishing their authority and were responsible for handling the entire labour supplying needs of the plantation sector. The planters had been careful not to intervene into this "difficult circumstances". Therefore, the *kanganies* as the local agents of planters exaggeratedly expressed "superior conditions" and salary status in the Ceylonese coffee and tea estates as ploys for gathering labourers from villages.

Heidemann 1992 quoted an administrative report of 1870 with an incisive description about the role of the *kangani* made by AR King, when he worked as a judge in the plantation area in Ceylon;

He is the leader and representative of the *coolies* composing his gang and artfully binds them to him in every conceivable way. He is their banker and spokesman; and the principle relationship between him and the coolies are of the most complicated nature- a skillfully devised network by which he manages always to exercise a hold upon each coolly, either by virtue of his responsibility to the *coolly*, or the responsibility of the *coolly* to him. He disposes these relations much in the way that a practiced gambler arranges his betting book, safe to be the winner in any event.

Kanganis are also significant in the hierarchical structure of the plantation sector as well as emergence of business dealers at the same time in the relevant areas. Though the term *kangani* refers to an overseer or supervisor (recently the position has been renamed as ‘field officer’) in the plantation system, the *kanganis* power was far greater than a mere overseer. The *kangani* was the major and sole facilitator of labour to plantations in the early period of the development of the plantations in Ceylon. He was the unanimous representative and link, or sometimes the stumbling block between management and labourers. He was the patron to a gang of labourers he brought from South India. He also had a superior social authority in terms of his caste and kinship relations with the *coolies*. As a recruiter, *kangani* was given a lump sum of money for every worker he brought to Ceylon and he was entitled to have claimed to be paid a daily bonus for each worker.

Thus, the plantation labour structure established the “*kangani* system” which is the mechanism for handling labourers under the hand of the upper caste of their own community, where the *Kangani* supervised the fieldwork of the labourers and held all the planter-labour negotiations and transactions. The estate sector was therefore,

almost completely dependent on the *kangani* for the supply of labour. The *Kangani's* personal ties with the relatives as the heads of the joint families²⁸, and his practical knowledge of the native customs and norms of his own community enabled him to undertake successfully the recruitment and transporting of South Indian labourers.

The Kangany system of labour recruitment took two forms: the sub kanganies undertook small labour gangs consisting mainly of his family members and close relatives. Head kanganies led several sub kangani gangs under his control and supervision. The number of sub and head kanganies depended on the labour demand of the each plantation. The maintaining of his labour gang at the same level or increasing its numerical size depended on the organizational capacity of his fellowmen, innovative skills in dealing with the planters, and available financial resources (Jeyaraman 1981).

Table 5.6

A selected list of Head and sub kanganies

Head <i>Kanganies</i>					Sub <i>Kanganies</i>		
Name of head kangani	Number of sub-kanganies under head kangani	Total labour force under head kangani	No. of labourers under head kangani's own gang	Caste	Name of sub kangani	No. of labourers in sub-kanganies gang	Caste
Veeran	2	37	NA	Vellala	Carupan	4 (one family)	NA
Aravandy	12	58	23	NA	Manicutty	5 („ „)	NA
Veeran	11	136	60	NA	Pelli Cooty	8 („ „)	NA
Vatha–Mooto	NA	143	NA	NA	Palani	4 („ „)	NA
Marie	14	157	32	NA	Raman	13	Pariah
Selle	NA	206	NA	NA	Sellan	15	NA
Sinnaiah	NA	476	NA	NA			

²⁸ Hindu joint family is a kind of extended family which is arranged consisting of several generations living under the same roof. The joint family status being the result of personal ties of its members based on both consanguinity and affinity. Usually the family is headed by patriarch, generally undertaken into leadership of oldest male who is responsible for all decisions on economic and social issues on behalf of the entire family. The oldest woman or mostly the wife of patriarch is in of control over the food preparing, child bearing and caring, and primary health care facilities of the family. Some schools of Hindu Law, such as *Mitakshara* and *Dayabhaga* provide cultural and legal facilities to maintain the common responsibilities among the all family members.

Source: Ceylon Labor Commission. 1908, Report, p. vii (Appendixes). (Quoted in Wesumperuma, 1986: 63)

Generally the duties between the head and sub-*kanganies* are distinguished by considering their contribution to the organization of the labour force. Although the sub-*kanganies* work in the fields with his 'gang', receiving daily wage rates similar in amount to the other labourers, the head *kangany* is not involved in the manual labour. The head *kangani's* duties normally range from being accountable to the estate administration, and ensuring the sufficient supply of 'gangs' for a monthly salary paid by the estate. In addition to their regular salary, the sub-*kangani* is also paid a commission known as 'pence money' on behalf of each labourer in his gang for work each day, while the head *kangani* receives a commission known as 'head money' per labourer per day (Wesumperuma 1986: 64). Both sub and head *kanganies* get opportunities to go back to India and recruit more labour forces and increase their income. Further, Wesumperuma (ibid) notes that the head *kangani* was more dishonorable in terms of exploiting labourers compared to the sub-*kangani*. Although, the sub-*kangani* has sympathetic ties as the head of several family units, the head *kangany* usually plays just the role of the labour contractor. The sub *kanganies* are usually under the supervision of the head *kanganies*. Therefore sub *Kanganie's* clout is limited in relation to the head *Kanganies*.

5.4.3. Capital Accumulation by *Kanganies*

The demand for labour in the plantation sector increased drastically in the 1890s with the increase of land area under tea cultivation. The situation was serious, forcing the planters to give up their plantations. The increase in demand for labour benefited the *kanganies*, as they demanded higher commissions and fees.

Meanwhile, the complaints from the labourers regarding abductions, theft, and illnesses *en route* from South India to the Sri Lankan plantations increased. The planters had to pay attention to these issues and they had to pay extra amount to increase the welfare conditions of labourers. Although, the *kanganies* did not give consideration to the welfare of labourers they still obtained the entire amount.

The *Kanganies* also benefited from the lack of grants and human resources for proprietors and agents to check whether they provided sufficient facilities to labourers during their long journey to the plantations. Therefore the *kanganies* succeeded in getting hold of the monopoly of supplying labour to the plantation sector (Wesumperuma 1986). Particularly the *kangani* tried to keep his 'gang members' indebted to him in order to maintain his levels of supervision. Every worker under the control of the *kangani* was forced to give the *kangani* two to six cents for every rupee earned. K. Natesa Ayyar noted:

In order to bring the labour to the estate and to make them reside and work there, every head kangani was given two cents and the sillarai (sub) *kangani* four cents. This money was raised to four cents and has been in force till now...On raising pence money from two cents to four cents many head *kanganis* recruit more men to their own register to ensure the income of four cents per head" (CERAK 1989: 17).

In this way, the workers were not able to find any release from living under control of the *kanganies*. Further, the *kanganies* would engage in difficult work on a contract basis and workers were required to work under their registration. The *kangani* could drive workers away from the estate in case the worker refused. Any workers who would show opposition would never receive the Discharge Certificate, which is necessary to work in the other estates. Moreover, the interest for the loan the gang member had to borrow from the *kangani* when he left his village or during his journey to or on the arrival at the estate would be accruing

indefinitely. The illiterate labourer would not question the *kangani* on this increase in interest (ibid).

There is absolutely not a single *coolly* in any one estate without debts. The only question is about the difference of amount. The debt of each coolie varies from Rs. 50 to Rs. 200 and more. Seldom does a coolie owe less than Rs. 50. The average debt of the coolie is roughly Rs.100. These debts are said to be accumulated in different ways. First, the amount advanced by the *Kangani* before recruiting expenses. Secondly, value of the thing the illness and on the other occasions (quoted in Heidemann 1992).

Therefore, the coolie's ability to make decisions was limited; he had been dependent on his "master" over the entire period of his work life. This 'indebtedness' is the indissoluble life-partner of the estate labour. Meanwhile, the *Kangany* community had succeeded in accumulating wealth in these circumstances. This was the common experience which prevailed over the entire estate sector. A wide gap had been created between the *Kanganies* and the labourers while the former was uplifted into the newer class structure, which even led to surpassing the traditional caste order in the plantation system. The *Kanganies* also operated estate shops forcing the labourers to buy basic food supplies from them. Therefore, there is evidence to suggest that this dependent relationship between lay workers and the *kanganies* led to the *Kangani* community accumulating capital, which later translated into political power.

5.5.3. The Bottom Line of Up-country Tamil Entrepreneurship

The entrepreneurial mobility of the bottom level of the Up-country Tamils shows particular characteristics of the 'little tradition' of business. It is neither equal to the hardcore Tamil business community, i.e. the *Chettiars*, nor similar to the *Kanganies*' or *Kanakkupullais*' entrepreneurial moving which was determined by

the opportunity structure. Basically the initiation of a business from micro level is greatly dependent on the unlimited dedication of an entrepreneur. For instance, a good number of “Tamil businesses” in Sri Lanka were born out of humble beginnings such as collecting old newspapers, used bottles, and scrapped metals from the surrounding Sinhalese villages. Sometimes these types of businesses are known to be less profitable and labour consuming, with low-income generation. Besides, such businesses were disliked by the traditional Sinhalese who saw them as “third class businesses”. However the initial micro level capital that was accumulated from such low level businesses was reinvested successfully into a better business at the second stage. The biographies of many Tamil businessmen are elaborated with such a history of hard work.²⁹

Currently a considerable number of up-country Tamils have succeeded in transforming their traditional positions within the caste system by engaging in trade activities. During recent decades they have become economically successful in the towns of the Central Province, and later disseminated their commercial activities to Colombo becoming dominant in the retail trade. At the early stage of 1980s, they had successfully controlled almost 60 percent of shops in the Central Market in Pettah, Colombo (Hollup 1994: 237). Although methodological issues exist about surveying on the ethnic composition of the business sector, it does not obstruct one from envisioning their higher contribution in the business activities in Colombo, the commercial capital of Sri Lanka.

²⁹ For instance Mr. A.Y.S. Gnanam who passed away in Singapore at his 80s could be taken as a representative of this category. He was born in Sri Lanka into a plantation-worker family. He started his career as a seller of scrap iron in micro scale and later became a multi-billionaire with establishing St. Antoine’s Group Pvt. Ltd., *Veerakesari* newspaper, and Tokyo Cement Pvt. Ltd. etc.



“Nadar business”: Money from vested items

உலர்ந்த பேப்பர் பொலித்தின்	இங்கே விலைக்கு வாங்கப்படும்		
BOTTLES PAPER POLYTHINE	ARE PURCHASING HERE		
MUNICIPAL COUNCIL NUWARA ELIYA & UN HABITAT INTERGRATED PROJECT			
உலர்ந்த	பேப்பர்	BOTTLES	TODAY RATES
பேப்பர்	பொலித்தின்	PAPER	Rs. []
பொலித்தின்		POLYTHINE	Rs. []

At the beginning, the Tamil traders and merchants in the central highland towns recruited young boys from the estates as helpers and salesmen in their shops or boutiques. These unskilled young boys are important for traders as they were seen as a pool of cheap and reliable labour. The initial stage is extremely hard to the new comers, because of strict regulations set by their masters. Often these boys have to work from 6.00 am to 8.00 pm and are eligible for leave only on Sundays. They work for a very low salary in the beginning which is gradually increased as they gather experience. After ten to twelve years circulating in the same routine they can start a separate trade with their friends or relatives on a partnership basis. They usually prefer to start a synergistic business because of the high rate of house rent and the lack of sufficient capital. Hollup (ibid) has scrutinized their ‘economic ways’ of solving some challenges in the initial stages. For instance, while working in Tamil-owned shops, the young salesmen and helpers are provided accommodation in the upstairs or store-rooms and meals by the owner who engages one of them as a cook (ibid).

This capability for hard work, flexible and risk taking personality is possibly derived from the cultural heritage of the community. For instance, around two hundred years they were accustomed to the restraining work of the tea industry, the community has accumulated precious and sensible knowledge through the working exercise. Sometimes, their practical knowledge of handling tools and preparation of tea bushes go beyond the theoretical knowledge of planters or their supervisors. Daniel (1997: 72-103) eloquently describes their rationalistic knowledge of accuracy and measurements of the subject field (human capital) as follows;

...on the side of precision, distance is rendered in feet, yards and miles, area in square feet and square yards, and acres; weights in ounces and pounds; volumes in quarts and gallons; wages in rupees and cents; labour power in number of pounds of tea plucked, feet of trenches dug, number of bushes pruned, acres of field fertilized, and so forth; rain fall in inches or centimetres; and time in minutes, hours, days, weeks, months, and years. Accordingly, a trench should be one foot deep, 12 feet long, and eight feet wide, a line room 100 square feet; the total number of bushes that yield 100 pounds of prepared tea must be fertilized with 10 per cent nitrogen; 5 ounces of pernox (a chemical) are mixed in one gallon water; 18 to 24 labourers are needed for each acre for “hard pruning”, 14 labourers for acre for “skiffing”; and wage of 12 rupees per day are to be paid for pruning, 7 rupees per day for plucking tea. (ibid: 76).

Thus, there is a greater possibility to argue through these factors, since they shifted their livelihood strategy from the inherited tea sector to business, they are capable of using traditional and cultural virtues more innovatively as market makers. When one is looking to break away from a daily routine, which has tied him/her to the plantation economy from birth, he or she should have special entrepreneurial characteristics to challenge the rigid social structure. The newly emerging entrepreneur has to take several risks with the rejection of traditional employment, such as losing minimal economic security from the established plantation wage labour market and sometimes housing facilities that are provided by the estate administration. Then they have to compete with Sinhalese and Muslim authorities

of the market in introducing innovations. As a vulnerable minority group, they are not solicitous to negotiate social status, money, land or other infrastructure. Honesty, frankness, and flexibility are more effective market strategies or resources to survive within the dominant social power of the majority. When this reciprocity is continued for a long period the Sinhalese tend to become the reliable customers rather than their own community.

The Up-country Tamil labourers were also displaced from their traditional occupations due to various changes implemented in the plantation economy and particularly in its administrative system. For instance, when we consider the ownership of plantations, at the beginning they belonged to the British, and the management of the plantations was controlled by British companies called 'Agency Houses'. These companies were registered as Sterling Companies in London and Rupee Companies in Colombo. In the 1950s, it was recorded that 365 plantations were under the supervision of 24 British Agency Houses. After independence, the ownership of the plantations was changed and it no longer seemed to be a foreign enclave. The ownerships were significantly transformed in the 1950s to 1960s. The reforms of plantation sector are known as "*Ceylonization*" of ownership and management (Fernando 2000: 151-161; de Silva 2005). Thereafter the structural changes of the plantation sector commenced with the Land Reform Act in 1972 and 1975. These two reforms led to the nationalization of plantations. The two largest plantation unions the CWC, and the UNP unions, the Lanka Jathika Estate Workers Unions (LJEWU) supported the privatization process. These two worker's unions nearly represent 70-75 per cent of unionized plantation workers in Sri Lanka (Biyanwila 2006: 6). By the time it was over, more than 60% of the plantations

were under state ownership. The nationalized plantations were handed over to the Sri Lankan Estate Plantation Co-operation (SLSPC), *Janatha* (People's) Estate Development Board (JEDB), *Janawasama*, *Usawasama* and Electoral Co-operative societies. However, in 1977, all other agencies except SLSPC and JEDB were abolished and all nationalized estates were brought under those co-operations (thus SLSPC and JEDB).

Due to mismanagement of the public sector, the liberation of the plantation economy fell and in the 1990s the government decided to reduce state intervention and promote investment of the private sector in the plantation industry. As a result, the government implemented the re-privatization of government owned estates in 1992. Under the recent act, initially 449 state owned estates that were managed under JEDB and SLSPC were leased to 22 Regional Plantation Companies (RPCs). In addition, on the other basis of competitive bids, 22 local private companies were carried over by newly established separate independent public companies known as Managing Agents (MAs) to manage the RPC on profit sharing basis. The privately owned MAs were established under short-term contract basis. Thereby, they were not encouraged to make long-term investments. Subsequently the contract was extended to a 50-year period from 1995 (Fernando 2000: 151-161; de Silva 2005).

This “structural readjustment policy” of the government and profit marginalization policy under the “superior management” of the private agencies had the same result; i.e. the reduction of sufficient job opportunities for plantation workers. As a consequence of these long-term circumstances, plantation workers were pushed

towards optional livelihood strategies including self-employment³⁰ (Dunham et al. 1997: 39). The fundamentals affecting these outcomes have been explored by Cassion (though he only refers to immigrants); as a tool used by ‘marginals’ who choose to work in ethnic labour markets in order to reduce the cost of adjustment to the accidentally emerged social condition (Cassion 2010: 32). This can obviously give rise to patterns of marginal entrepreneurship that exclude enclaves pursuing self-employment in-order to avoid economic discrimination. Most probably the majority may have found their livelihood strategies as *coolies* attached to the informal sector in the urban and surrounding rural areas. Further there is a high possibility to drag this bottom line into illegal trading activities such as brewing illicit liquor and dealing in drugs in the estate sector. The dealing of illegal liquor has been identified as a highly circulated organizational action in the plantation sector. Moreover, the oppressed groups from both caste and class seem to be earning their living attached to the culturally illegitimate businesses such as

³⁰ The policy factors could be rather predominant in terms of transformation of ethnic economies. Makabe (1981) and Wong (1978) pointed out two natural documentations on inter ethnic competition and state policies regarding Japanese and ethnic Chinese. At the late nineteenth century and early twentieth century Japanese were being led to the almost exclusion from major social institutions due to severe competition with whites in Canada. Particularly, Japanese lost their professions under the act of Canadian government to take away their right to vote. They endeavoured to find other options for their survival. On the other hand, Japanese were very much successful entering number of industries with more favourable conditions in terms of lack of interethnic competitions in Brazil. Considering the Chinese population in US, the US Chinese Exclusion Act of 1882 was not replaced until 1943 and US migration commandments were not overturned by Supreme Court until 1967. The governmental treatment for Chinese in Lima or Peru was entirely different from above situation. Therefore the Chinese in Lima and Peru were weak because it was not promoted to contend with the same level of interethnic competition (ibid). These documentations could be taken as the consolidation of economic exclusion strengthens group cohesion, thereby increasing the density of ethnic networks and in turn facilitating access to group resources; and the same way, labour market disadvantages affects tendencies towards business practices.

Similar experience is revealed regarding ‘black businesses’ in the United States by Coles: until the issuing the form of Executive Order 8802, referring the federal government’s policy against discrimination in employment, and introducing the Fair Employment Practice Commission, the African American were not eligible for “good” and good paying jobs. Then African Americans turned towards businesses and self employments as the smartest option (Coles 1973: 330).

butchering, lavatory cleaning and laundering particularly in the urban sector (Silva et al. 2009).

5.6. Summary

Chapter V provides a historical overview of the Up-country Tamil community. How they established themselves in the Sri Lankan geo-political arena, the factors that delineated them as a marginal ethnic group, the way they built social capital through embedded ties such of religion, kinship, caste and politics have also been discussed. Moreover, the role of caste has been taken into the discussion as a crucial factor that created social disparity within the community's upper castes, promoting a movement to the top of the class hierarchy. Some castes like *Mottai-wellalan* and *Kallars* acquired specific opportunities to enter into the business sector. The chapter also carried a descriptive discussion on some specific ranks like *Kanganis* and *Kanakkupullais*' and their success in social and economic achievement within the plantation sector. It has given adequate reasons to explain the rise of the *Kanganis* as a new social class within the plantation system and later into the business sector. Some groups like the *Kanganies* were aware of how to construct bridging relations with outsiders and accumulate material capital by exploitation of labour groups of their own community. In addition, the chapter has discussed about the business approaches of some disadvantaged groups who have been pushed from the plantation system due to unemployment and pulled by the demand for lower-ranking jobs such as porters and shop assistants in the urban sectors. These circumstances have led to the emergence of a separate style and entrepreneurial class within plantation Tamils.

Chapter VI

6. Networking among Up-country Tamil Business

6.1 Trends of Business

As mentioned in the methodology section (Chapter IV), 76 business holdings had been taken into the sample of the interviewing procedure. Table 6.1 shows the business activities studied in the three major areas of the sample for this study consisted of Nuwara Eliya, Badulla and Hatton. The sample is likely to represent almost all major types of Up-country Tamil businesses. Wholesale and retail grocery business is significant among all the other Tamil ventures. Grocery business represents almost one third of the total. Jewellery shops and textile shops stand for nine out of 76 businesses of the sample. Traditional Tamil businesses, namely betel leaves (*bulath*) and tobacco shops, *Nadar* shops, and pawn brokering and Shiva cafes/Siva restaurants are also represented in the sample. Gift item shops, beauty salons, bookshops, farm shops and studios tend to be the novel trends of the newcomers into the business sector.

Table 6.1
Random Sample of Up-country Tamil Business in Nuwara Eliya, Badulla and Hatton

Business Type	Number
Hardware	04
Jewellery	09
Pawn brokering	01
Gift Items	02
Textiles & Fancy Items	09
<i>Betel leaves (Bulath)</i> and Tobacco	01
Arrack Bar	01
Tea Stores	01
<i>Shiva Cafe/ Tea Boutiques/ Snacks Bars/</i>	05
Restaurants	
Salon/ Beauty Parlours	01
Studios	02
Agro Items/ Fertilizer/ Chemicals	02
Book shops	02
Tailoring Shops	04
Vegetable/ Fruits Stalls & Wholesales	05
Farm Shops	01
Nadar Boutiques (Collecting Scrap Iron, Bottles and Papers)	01
Large Scale Shopping Complex	01
Grocery (Food Stuff) Retail and Wholesale	24
Total	76

Source: Field Research

Nadar shop holders may generally be defined as sellers of used items (metals, bottles, papers and others) for recycling. Although the current situation has changed, this business has been derived as a caste related occupation. Sometimes *Nadar* shops may have greater possibility to be developed into hardware businesses as a result of their improvement towards modernization. One out of four hardware businesses revealed its past experience confirming my impression that this was the case in the interviewing process. Others have not responded regarding their caste identity. As an excellent synthesis of the same aspect, one of the beauty parlours (beauty parlours are commonly referred to ‘salon’ in everyday parlance) could be found as a proper example of modernization of the traditional caste order. This salon was founded as a traditional caste-based occupation by a member of the barber caste (*ambattakaran*), and it has currently been modernized with new technology, modern equipment and well-trained employees. Moreover, our sample

test and additional observations revealed that there are ample newly established Up-country Tamil entrepreneurs who have successfully taken over so many miscellaneous modern businesses on both a small and medium scale. Bookshops, internet cafes, betting centres, studios, record bars are some examples. However, the traditional heritage of business customs and caste-based occupational structures are still significant in Tamil entrepreneurship.

6.2. Reciprocity in Business Networks

Reciprocity deals with personal or secondary relationship between two individuals or between an individual and social institutions such as shops, banks, insurance companies etc. The key principle of reciprocity may be the human need and tendency to offer something back when something is received (Cote et al. 2006: 1). This may depend on the interdependence of people and social institutions. Both parties such as the recipient and the donor mutually benefit from maintaining reciprocal relationship and these benefits could be either material or non-material. When one handles a business, he/she is obliged to maintain different types of reciprocity. Sometimes the strength of different relationships may be unequal to each other. Under this basic circumstance, this study has tried to measure the weightage of reciprocity between entrepreneurs and other individuals and institutions. All basic and secondary relationships between business holder and nine major categories such as nuclear family, close relatives, friends and neighbours, other relatives, media, transport services, staff members, monetary services, are summarized below.

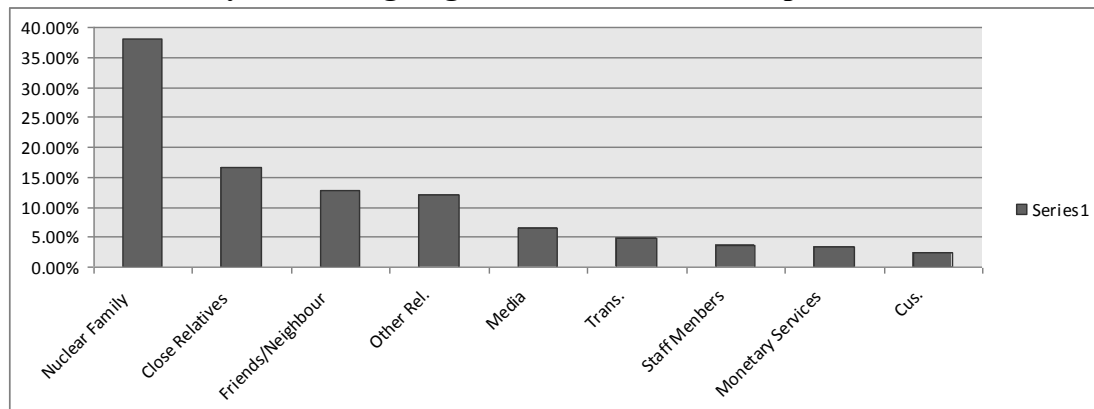
Chart 6.1**Overall summary of the weightage of business relationships**

Chart 6.1 shows the concise weightage denoted by each institution to the fulfilment of business goals. The nuclear family recording 38 percent carried the highest rate of involvement. Close relatives and friends and neighbours claimed the next most significant weightage constituting 16.6 per cent and 12.8 per cent respectively. These figures strongly suggest that Up-country Tamil businesses are likely to be highly dependent on their basic networks. For Lazarsfeld & Merton (1954) these types of relationships are known as networking within value and status groups in the essential stages. Basically, ethnicity, class and caste, religion or other cultural factors are the determinant factors of value groups. Although other services and social organizations such as the media, transport services, regular staff members and monetary services are available, it is certain that they are comparatively less important. Despite some entrepreneurs having successfully moved towards the towns and bazaars overcoming geographical and cultural barriers, they still do not seem to trust these weaker ties.

Table 6.2 represents personal reciprocity of traders with different sources in the fulfilment of six major entrepreneurial functions such as consultancy, monetary

support, external contacts, information, manual labour, and loans with and without interest. The reciprocity of Tamil businesses has been measured with regard to 42 characteristics of personal contact. These personal relations may be in the form of face-to-face-relationships with people and things or social institutions. In the following table, these 42 characteristics of contacts have been classified under nine major categories encompassing their quality from emotional relationships to secondary or tertiary contacts. The significance of contacts of each individual belonging to each category from nuclear family to kin and non kin relations with six variables has been measured.

Table 6.2
Descriptive significance of personal relationship in each business function

	Consultancy	Monetary Support	External Contacts	Business Information	Manual Labour	Loan without Interest	Loan with Interest
Business Fri.	49**	5	31*	57***	3	28*	0
Husband/ Wife	54***	23*	18	13	43**	0	0
Friends	37**	7	5	5	35**	18	0
Brother		19	0	6	34**	10	0
Father	37**	27*	1	7	19	6	0
Neigh.	1	3	20*	1	48**	6	6
Sister	28*	12	7	4	19	8	0
Bro. in Law	15	4	22*	6	22*	4	0
Bajar	0	0	26*	34*	0	0	0
Son	13	6	1	3	32*	1	0
Uncle	12	8	13	7	12	3	0
Delivery	0	0	20*	24*	0	7	0
Son in Law	12	3	12	2	15	2	0
Daughter	18	3	1	1	22*	0	0
Mother	8	7	0	0	26*	1	0
Manager	13	0	6	16	0	0	0
Customer	9	0	11	15	0	0	0
Bank. Pub	0	0	0	0	0	0	22*
Inf.Econ.Grp	6	0	0	4	0	10	1
Bank Pvt	0	0	0	2	0	0	18
TV	1	0	0	18	0	0	0
Shop. Ass.	7	0	1	5	4	0	0
Sis. In law	1	0	10	2	3	0	0
Dau. In law	1	0	4	4	4	2	0
Grad. Fa	7	3	0	0	2	1	0
Aunt	3	2	0	0	6	1	0
NGO	7	0	0	2	0	0	1
News pap	0	0	0	10	0	0	0
Politi.	1	3	3	0	0	0	0
Radio	3	0	0	4	0	0	0
Step Br	3	0	0	0	2	0	0
Step Sr	1	0	0	0	4	0	0
Grad Dau	0	0	0	1	3	0	0
Grand. Mo	2	1	0	0	1	0	0
Grand son	0	0	0	0	1	0	0
savant	0	0	0	0	1	0	0
Internet	0	0	0	1	0	0	0

t - Critical = 1.67

df = 75

alpha = 0.05

t- statistics = mean/sqrt(variance / sample size)

‘Consultancy’ is just a non-profitable service, which carries new ideas for the enhancement of businesses. This basically occurs as informal discussions. However, these informal consultancy services may help to introduce innovations that predict

market conditions, prevent possible threats and unnecessary risks. As can be seen in Table 6.2, the wife is significant in consultancy service as well as other services. Compared to the other consultancy services, the Up-country Tamil businesses seem to be highly dependent on nuclear family members. According to Fukuyama (1994) these types of business are likely to be immature in terms of network building. Business relations could benefit more when constructing relations with weak ties or outsiders.

External contacts may be the most important factor in terms of making links to the other structural roles. Connecting to external networks, business friends and the *bajar* seem to be noteworthy among other variables of the table. Neighbours can also be taken as another main source of making contact with outsiders. Brother in-law, son in-law (same kinship identity in different relation to the interviewee), and delivery services have been considered as the next important sources of external contacts. Son in-law or the brother in-law is important close relatives coming from a different kinship relation. He is the focal point of two different kinship groups. If he is coming from another business family, his role will be indispensable in the context.

The new trend of the market, more profitable goods, anticipation of customers and many other aspects represent business information. According to the order of significance, business friends, media (all forms), *bajar*, transport or delivery services, managerial staff, customer and monetary services tend to be more significant in terms of receiving such business information. As with every other function, the informal networking with business friends seems highly important in

receiving business information. The information that comes from the media tends to be received mainly by the high-scale business owners. Television has been on the top of all other media. The delivery or transport services may be the most important information source for the business holders in remote areas. Some micro and small-scale shops in the periphery can entirely be dependent on delivery services. According to field experience, some wholesale traders in cities and town areas maintain regular network relationship with small retail traders in the periphery providing goods and free delivery services. Consequently, the delivery services may be the only link between the town or bazaar and remote rural areas. Moreover, the *bajar* has been considered significantly as an important source of business information. Although there is no particular person or an institution called the *bajar*, the symbolic value of the term as a source of information should be investigated.

The concept of “*Bajar*” directly derives from the Persian word “Bazaar” (Turkish *pazar*, Hindi *bajar*, Greek *pazari*) which means the ‘place of prices’ or generally Merchandize Street. However, the lower middle-class and bottom line business community in Sri Lanka use it in a broader sense. If somebody states that “I don’t like this *bajar*” it reflects his reluctance to maintain friendship relations with surrounding peer groups. A mother also can say as “I am worried about protecting my son from this *bajar*” emphasizing her grievances regarding uneven socialization from bad company. In general, the term *bajar* tends to have a conceptually notorious connotation in low-income communities in the urban and rural sectors. Under-world gangs, illegal businesses such as illicit liquor brewing, prostitution, and many other pathological social practices are indirect components of the term *bajar*.

However, the “business *bajar*” seems to be a functional structure which gains reciprocal benefit. The business holder who handles a business in a particular locality is required to be integrated into the system to continue his/her business. Wittingly or unwittingly he or she has a role to play in a particular *bajar* within an identified geographical territory. Therefore, the concept of *bajar* is a little complicated and relies on a broader sense than a general social group or a formal social organization. Nobody can go against the decisions of the *bajar*. There is no particular person who is accountable for decisions of the *bajar*. However, everybody is obliged to respect it. Sometimes it may be the collective consciousness of the entire *bajar*. For instance, the fruit sellers who sell the same kind of fruit along a particular side street may sell their goods for similar prices. If somebody introduces a new idea which results in goods at cheaper rates, it is certainly going to be harmful for the peers. Therefore, people who go against the *bajar*’s decisions may get isolated or some other harsh measures may be taken against them. Moreover, the *bajar* conceptually characterizes informal social capital. The trust on weak ties, social security, unexpected external intrusions is recovered by *bajar*.

Therefore, *bajar* is conceptually important to distinguish ‘mainstream’ and ‘outsider’ traditions of business networking. The upper level market, or the business handled by large-scale market makers are usually secured in the capitalistic economic structure. All kinds of commercial agencies such as banks, insurance companies, government policy system, government police bureau and many other organizations are structurally created to provide necessary facilities and security to the concurrent market system. These agencies are looking forward to provide

hedging facilities to avoid taking unnecessary risk at fluctuating market prices, to supply distress loans during market liquidation, to recover any kind of losses occurred as a result of theft, fire or any other disasters to the reputed traders. However, there is no such formal protection to the bottom line business holders from the system. They are constantly vulnerable to the conditions of market competition. Sometimes bottom line retailers are required to find options to overcome everyday market challenges. Therefore, we can recognize the *bajar* as a bottom line latent functional action that comes against the dominant market structure.

According to the order of variables, Table 6.2 shows that neighbours, spouses, friends and brothers are the most predominant characters providing manual labour. The figures also illustrates that all the other members of the extended family have also displayed at least some trend of volunteer services for businesses of family members. Manual labour may sometimes be the only exchangeable possessions which can be obtained as a volunteer service, while the physical fitness may be the only wealth which is available as a capital in a bottom-line community. In contrast, manual labour support seems to be the most frequent reciprocal relation among other variables.

Moreover, Table 6.2 has demonstrated that Up-country Tamil businesses are still highly dependant on family-based or self-owned basic capital. Their trust on banks or reciprocity with other financial agents is little developed. However, often they receive loans without interests from business friends, general friends and other family members. There is a slight reciprocity with informal economic groups too

(IEGs) in receiving non-interest based business loans. However, this source of finance seems to be less significant. Most entrepreneurs draw loans for interest from private and public banks. Comparatively public banks have indicated marginal relationships with entrepreneurs. As a whole, the programmes which have been launched by private and public monetary services for entrepreneurship development in the plantation sector seem to be attractive only among a very small segment of the business community.

The data carried on Sociogram mapping illustrates more descriptive information about individual networking patterns of the Up-country business community. As has been mentioned in the methodology section, each network which belongs to each business person has been drawn following the details given by the shop-owner. As the next step, a scale of five to one marks have been given for the most important five people in each individual network, and then the value has been added from five to one in descending order.

Table 6.3
The Levels of the Significance of reciprocity

	Total	Mean	St dev	t-statistics
Hus	13	0.22	0.98	1.72
Wife	91	1.52	1.94	6.04**
Son	49	0.82	2.05	3.09*
Dau	14	0.23	0.96	1.88
Fa	81	1.35	1.98	5.28**
Mo	43	0.72	1.54	3.60*
Bro	50	0.83	1.73	3.73*
Sis	27	0.45	1.27	2.75
Unc	22	0.37	1.19	2.38
Aunt	6	0.1	0.66	1.18
Step Br.	3	0.05	0.39	1
Step Si.	0	0	0	-
Bro in Law	18	0.3	1.03	2.26
Sis in Law	5	0.08	0.46	1.4
Gra Son	0	0	0	-
Gra Dau	0	0	0	-
Son in Law	10	0.17	0.69	1.86
Dau. In Law	4	0.07	0.52	1
Gr. Fa	0	0	0	-
Gr.Mom	5	0.08	0.65	1
Friend	38	0.63	1.39	3.53*
Neighbour	24	0.4	0.99	3.11*
Busi. Fr (S)	61	1.02	1.71	4.60**
Busi Fr. (T)	103	1.72	1.98	6.73**
Busi Fr. (M)	7	0.12	0.58	1.55
Politician	15	0.25	1.1	1.76
Gov. Officer	5	0.08	0.53	1.22
Manager	20	0.33	0.95	2.72
Shop Ass.	18	0.3	0.74	3.13*
Servant	3	0.05	0.29	1.35
Bank (Public)	51	0.85	1.81	3.63*
Bank (Privet)	18	0.3	0.87	2.67
NGO	0	0	0	-
Inf. Eco. Group	34	0.57	1.32	3.33*
Delivery Service	45	0.75	2.02	2.87
Customer	2	0.03	0.26	1
News Paper	0	0	0	-
Magazine	0	0	0	-
Television	1	0.02	0.13	1
Radio	0	0	0	-
Internet	0	0	0	-
"Bajar"	0	0	0	-

t - Critical = 1.67

df = 59

alpha = 0.05

t- statistics = $\text{mean}/\sqrt{\text{variance} / \text{sample size}}$

Table 6.3 shows 'wife' as one of the major characters among the significance of all individual networks. It would be expected without argument considering the

strength of the basic structure of the Hindu nuclear family. Meanwhile, the father's role also illustrates high implication of entire Tamil business networks. In spite of the fact that the majority of business owners have been married and formed their own families, the importance of the father's role should be inspected. The father is the significant icon of the whole family unit in patriarchal societies. His spiritual influence may extend and encompass every kind of household activities. He is the active person who makes the fiscal consolidation of the family (Mines et al. 1990). The entire property particularly immobile possessions are under the control of the father. Therefore, there is every requirement with him to be the spiritual shadow in a family unit with assortment of emotional bonds.

Despite most of South Indian communities showing the customary and value codes which are demonstrated in matrilineal societies (Kapadia 1994), the power of the male head of the household has notably increased in the Sri Lankan plantation sector (Samarasinghe 1993; Phillips 2003). The naming practices of Up-country Tamil clearly reflect the patriarchal descending order of their clan. For instance when a father has a name such as "Seelan Kanakarathnam", his son's name may start with second part of the father's name as "Kanakarathnam Balan", and then the grandson's name would probably be "Balan Suresh". This may indeed be recognized as a peculiar naming pattern in Tamil society (Britto 1986). Therefore, the father's role cannot be taken too lightly by his children even after getting married and building their own families. Thus, it is possible to make a statement that the father's role may be important in a family unit as same as the role of symbolic a "big-man" (*Periyavar or Periyadanakarar*) in the South Indian Tamil culture (Mines et al. 1990). According to the same scholar, the main characteristics

of “big man” can be explained as unique personal behaviour among the general public, attractive charismatic leadership, generosity and the accountability of public issues. The same characteristics of institutional “big man” can emerge as a small reflection in a family unit by the unique role of the father.

The business friends’ contribution to the networking has more significance than the non-business or general friends. Business friends have been demarcated into three categories referring to their ethnic consideration as Sinhala, Tamil and Muslim. According to the figures of Table 6.3, Tamil business-friends are more significant in inter ethnic networking of Up-country Tamil businesses. This trend sustains two important assumptions: first, Up-country Tamil businesses are still dependant considerably on homophilous bonded relations, and second, Tamil businesses are comparatively self-sufficient with homophilous ethnic networks within the Sri Lankan commercial sector. Moreover, table 6.3 claims their networking relationships with the Sinhalese tend to be significant compared to the other ethnic groups. Particularly, the business reciprocity of Up-country Tamils with Muslims seems almost nonexistent.

6.3. Networking Patterns of Up-country Tamil Businesses

There are several significant networking patterns that are followed by Up-country Tamils as their basic mobility channels within the business sector. These networking patterns seem to be used for generating both social and fiscal capital. Kinship, caste, neighbourhood, and friendship relations are responsible for the configuration of their initial business networks. The strength in the level of kinship is determined at three levels in the order of primordial ties such as (1) nuclear

family members, (2) extended family members, and (3) close relatives who reside among these embedded relations.

A married individual generally gets membership of two nuclear families: The family of orientation to which he/she was born, and the family of procreation built up by each person through their marriage. The family of orientation consists of ego, own brothers, sisters and parents. The procreation family consists of ego, spouse and own children. The members that belong to these two families have been considered as close relatives. The interactions among these family members are determined by the emotional ties shared by one another. Conceptually, if two or more generations live together, it is identified as an extended family. Nuclear family members are also automatically members of the extended family. Grandfather, grandmother, father, mother and their parallel brothers and sisters (married or unmarried) and grandchildren are regular members of an extended family.

The relatives who are living separately or dwelling in geographically remote areas due to marriage or the other reasons, and the relatives who belong to third or fourth circles of kinship patterns are regarded as the third category of the kinship structure. Paternal and maternal siblings, their children and the people who come from different families with marital relations of their children are mainly included into this kinship group. Relationships with similar caste members or people who are believed to be members of the same caste are equal in the relationship with distant relatives. However, these primordial ties among relatives could be dependent on necessity in the business field. For instance, the association with relatives in the third or fourth steps of the kinship structure could go well beyond the ties with nuclear family members depending on the business needs.

The traditional family is generally identified as a destructive institution in terms of business activities. However, we identify the family as a productive process in this study. Household production is determined by the production of goods and services by its own members for their own consumption by investing their own capital and their unpaid labour. Their service-satisfaction may be symbolically reflected in the emotional reactions of other family members. Goods and services such as child care, cleaning activities, security and accommodation are produced by the household for their own use (Ironmonger 2001).

‘Neighbourhood’ is a determinant factor of geographical location of home or business place. Sustaining of neighbourhood relationships is dependent on the skills of each household member to deal with outsiders. Although one may live in a particular location for a long period, at times it may not result in building significant relationship with the outsiders. On the other hand one may construct connections within a short while. This is the common experience of neighbourhood relations. Neighbourhood relationships may be more important than links with blood relatives living in distant areas. It could be highly dependent on the frequency of cooperative behaviour between each other. This situation is frequently stated in the statement such as “the people in close proximity are the only relatives in an immediate need”. These valuable neighbours could be sometimes one’s own relatives, caste members, religious and ethnic members or occasionally others who do not belong to any of the above categories.

The substance of friendship sometimes goes beyond both kinship and neighbourhood as it appears in inspecting the geographical factors of networking relations. The friendship relations of an individual could emerge with peer groups, similar gender groups, people who are attached to the same employment, groups having similar experiences or with people who could not be taken into any of the above categories. In general, though friendship relations encompass needs and occurrences of everyday life, it is also an important factor regarding establishment of businesses. Therefore these three-fold relationships such as caste/kinship, neighbourhood, and friendship are significant factors of entrepreneurial networking patterns amongst the Up-country Tamil community. The market maker who enters into the business world with these embedded relations may successfully accumulate social capital in different forms as the following:

- Motivating towards entrepreneurship
- Supporting to identify proper business places or providing such spaces which belong to them
- Making contacts and developing new relationships
- Providing business information
- Providing manual labour to build new shops, business stalls etc.
- Showing new orientations and occurrences
- Supplying capital by providing instruments, everyday-crediting without interest (*kadan*), and business-loans without interest

However, an innovative market maker who has a dynamic personality but who is not satisfied with the basic network in the surrounded environment has to look for

new avenues in the business field. The majority of Up-country Tamil entrepreneurs depend on the initial forms of the network and they seem to be in favour of lagging in the same positions. This geographical movement can be stated as a “progressive action” at this stage. According to Cassion, the entrepreneurs who have dynamic personalities are more likely to move from original locations and live where non entrepreneurs stay (2010: 27). He further states “...*This is particularly true of people brought up in isolated rural areas where there are few opportunities for profit. Such areas tend to lose their more entrepreneurial young people. Conversely, large cities tend to attract entrepreneurial young people*” (Ibid). The same situation can be seen in the estate sector. The entrepreneur who handles business at plantation-based areas mainly targets one’s own ethnic group as customers. The person who wishes to move-away from his basic ties to look for newer avenues and opportunities has to make several breakthrough moves such as the following:

- I. Geographical: From estate to town or bazaar
- II. Trans-ethnic: From endogamy relations to exogamy relations
- III. Trans-cultural: From native norms and values to ‘new attitudes’
- IV. Modernization: From traditional business to new trends

The entrepreneurs have to face several challenges in their geographical mobilizing from the plantation sector to a distant city or at least nearby town or bazaar. Given their economic environment the acquisition of required facilities for this attempt is a difficult exercise. As the first step, the immigrant seeker has to be away from accommodation that has been provided by the plantation administration on behalf of

his service to the plantation. There would be little chance if he has other family members there who work for the estate proprietary. The next challenge will be finding a proper business space in a popular area or bazaar. New contacts with 'others' are needed in this process to achieve newer goals. Since the entrepreneur is short of capital to purchase an appropriate business space, he has to look for external funds, loans or at least an increase in his current income. What usually could happen under these circumstances is that he may lease a shop on a monthly rental basis. The regular payment of the monthly rental is a must to maintain goodwill with the landlord.

After starting the business in a new location the entrepreneur is required to deal with uncertain groups of customers. Gaining familiarity with their expectations, customs, attitudes and everyday needs is the next challenge. Moreover, he has to improve his skills and capabilities to serve an additional number of customers. Efficiency of service is important to maintain goodwill with the clientele. Consequently, the common experience of estate-bazaar migrants is the utmost selfless dedication they attach to their businesses. Sometimes, they are required to work the entire eighteen hours per day. Subsequently the entrepreneur has to find new ways of managing money, labour, instruments and service corresponding to the current environment. When he/she is gravitating towards the town or bazaar, he/she is required to mingle with the other ethnic groups. Consequently, he/she has to work mainly with Sinhala and Muslim ethnic groups and others according to the ethnic composition of Sri Lankan society. Therefore it is not only obligatory to familiarize with the new geographical location and people but also to fulfil the need to be fluent in languages of these ethnic groups, particularly in Sinhalese.

Sometimes to struggle against the attitude of the people of the own community may be the hardest experience for a new entrepreneur. The making of money or accumulation wealth may not be a reason to receive good remarks from the society at the initial stages of establishing the business. Sometimes, business-minded persons could have been refused acceptance within peer groups. So many associate qualities such as “gluttony”, “greed”, “collector”, “exploiter” to look down upon those who endeavour to build their fiscal consolidation may arise. Often, it may be that business minded people is not even popular within their own family members. They may reject him as an unhelpful person. Therefore, there may be many difficulties to be overcome for a beginner at the early stages.

The same people who helped him/her to start a business at the beginning may sometimes go against. For instance, Ramamoorthi (53) is a proprietor of a poultry farm in Nuwara Eliya. He has started his business as a small-holder in his home premises at Kandapola. All his family members including parents, two brothers and sister and some neighbours helped him to build the poultry farm at its initial stages. Then he shifted his show room to Nuwara Eliya town with some modernizations. Currently his business seems to be in a better condition. He supplies chicken to several restaurants in the area. He also has built a new house with modern facilities in Nuwara Eliya. However, currently he has broken his relationships with family members and old neighbours. He accuses them as “trouble makers”. “It is difficult to handle a business with relatives and friends; I have helped them enough but they are still envious of my current success” he says. Ramamoorthi’s wife, who was brought up in urban environment especially, does not like to maintain relationship

with plantation dwellers and she seems to be purposefully avoiding her husband's relationship with his family relatives. This case is a good example to understand the tension between market maker and social capital. When an entrepreneur is manipulated by his individual aspirations, He would be forced to ignore some collective intents of baseline network in a crucial stage.

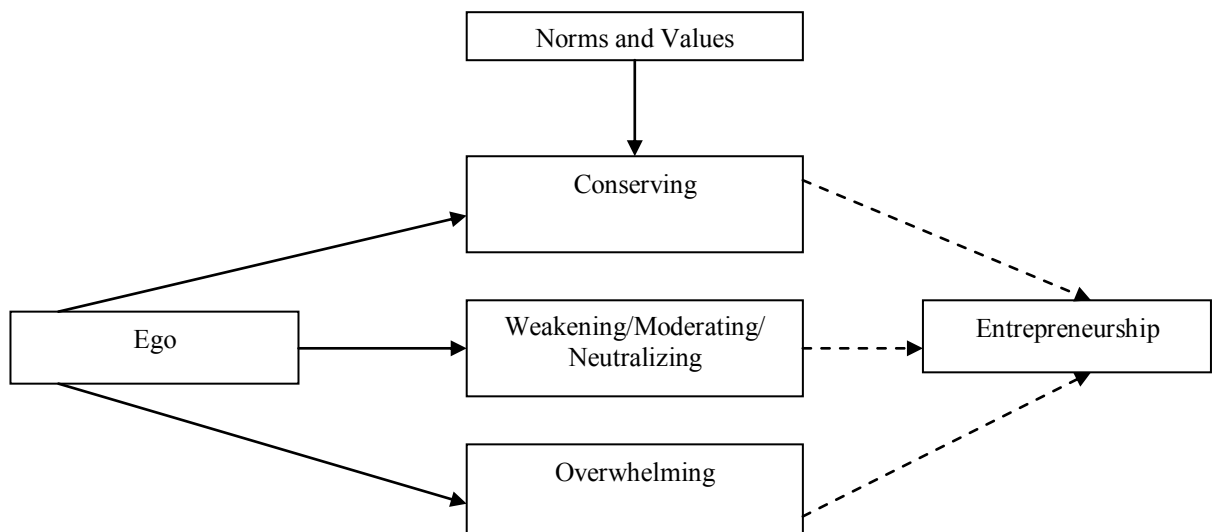
The entrepreneurs are required to practise varied customs to protect themselves from evil spirits that might come from neighbours, envious relatives, or some customers who frequently come to the business place. These evil spirits can be visited in different forms such as evil eye or evil mouth. As a result of these beliefs, white magic which is practised to avoid evil power can be seen in almost all Tamil business places. Hanging a chain in front of the shop which is fixed with chilli and lemon , burning dried chilli in the fire, spreading turmeric water on the floor surrounding the shop, and blowing holy smoke over the business place are some of the practices used to seek protection from evil spirits. As a whole, these factors could suggest that the same bonded ties which helped them at the starting points of business, providing manual labour, consultancy and financial support may also result in an extra burden at a particular level. Therefore, the entrepreneur has to make a breakthrough with a "big decision" regarding the baseline network and traditional norms and values at the later stage.



Lemon and Chilli against to the evil eye

Most probably the entrepreneur can use three options on the subject of norms and values in order to achieve business goals. The first option is the conservation of tradition. This may be less risky and less harmful to the family and other embedded relations. The benefits might be dependent on the consolidation of network ties. As the second option he/she can get a breakthrough by weakening, moderating or neutralizing traditional values. For instance, the entrepreneur can temporarily stop thinking about friends and close relatives justifying that: *“although I lose these friends and relatives in this position, I would be able to help them after I become a reputed businessman”* or *“if I am being accused by these people at this stage, I will regain all dignity upon becoming a rich man”*. The third way of dealing with norms and values is attaining entrepreneurial goals by overwhelming all traditional customs and attitudes and then moving towards the new goal. This may be a highly risky action and future benefits will be equivalent to the extent of risk.

Graph 6.1
Hedging Norms and Values



The circumstance of hedging traditional norms and values may appear over the whole period of businesses. This struggle can be rather complicated at the initial stages. This mechanism can be acknowledged as a transformation from a particular set of ethics to a cross-cultural set of beliefs. For instance, Jeeva who comes from *nayidu* caste background (as he mentioned), is a successful restaurant owner at Hatton. According to his caste values, non-vegetarian foods are highly restricted in his family. Personally he does not eat meats as much as his family members. However, verity of non-vegetarian foods except beef is available in his restaurant. He has weakened or overwhelmed their family values for business purposes. He has to supply for the demand of his customers who come from different religious and ethnic background. In this sense, Up-country Tamil entrepreneurs are more tactical in integrating cross-cultural values and belief. It reflects their rituals and practices. The flexibility shown by Hinduism towards new trends affords opportunity. For instance, there is a space for the Buddha, Jesus Christ, and sometimes images of

Mecca are seen among their pantheon of God *Vishnu*, *Murugan*, *Shiva*, *Saraswathi* and *Sri Lakshmi* within the sacred place in the shop or business premises.



Multi-ethnic, multi-religious Siva café

Moreover, today “Shiva Cafes” or “Siva Restaurants” has constructed a specific image among cafés and restaurant culture in Sri Lanka. In general use, the “Shiva Café” offers Hindu vegetarian foods. Basically these types of cafes serve instant foods like *Rotti*, *Paratha*, *Iddly*, *Thosai*, *Vadai*, and their gravy such as *Lentil* curry, *Sambar* etc. These are known as totally animal protein-free productions. Although there were only a few “Shiva Cafes” available in the main cities in the past, currently they are mushrooming in every part of the country due to the popularity of vegetarian food among all the ethnic groups.

The popularity of Siva Cafes is not common among non-vegetarian clients such as Muslims, Christians, Sinhalese and also some of the Hindus. As a result of the

demand from non-vegetarians clientele their basic stand has been changing. At least 40 percent of Shiva Cafes sell non-vegetarian foods according to our sample study. There is no restriction to meat consumption among Tamil entrepreneurs who changed their religion from Hinduism to Christianity. These characteristics are directly compatible with Wilkens' (1979) three-fold innovations: factor, material and market. Beef, the most restricted meat among the Hindus, is also not unusual in these cafes. Although these cafes are named 'Shiva' according to the nature of food items, there is a tendency that they are gradually becoming multi-ethnic and multi-cultural. Currently chicken, mutton, pork, and beef are being added in addition to dhal, *Sambar* and others in these cafes as a result of adaptation to the new market condition.

Modernization has been another significant factor in the enhancement of Tamil business in the recent decades. Traditional Tamil businesses had been dominated by their cultural needs. Currently modernization of businesses is seen in several aspects such as goods, technology and management (to state in a vivid image "the shifting from the *Vetti*³¹ to the coat"). As has been stated earlier, the Up-country Tamil business originated by making a market, which focused inwards into their own community and it, characterized products suiting its own cultural needs such as betel, tobacco, foodstuff such as bread, rice, spices etc. However, their selling items have modernized according to the demand of the multi-ethnic society in Sri Lanka. The study sample (Table 6.1) is a good instance, which proves the tendency of modernization of their exchanging materials. Technologically the Up-country Tamil

³¹ *Vetti* or *vettidothi* is a traditional or cultural dressing worn by men during feast, festival or official occasions, mainly in India.

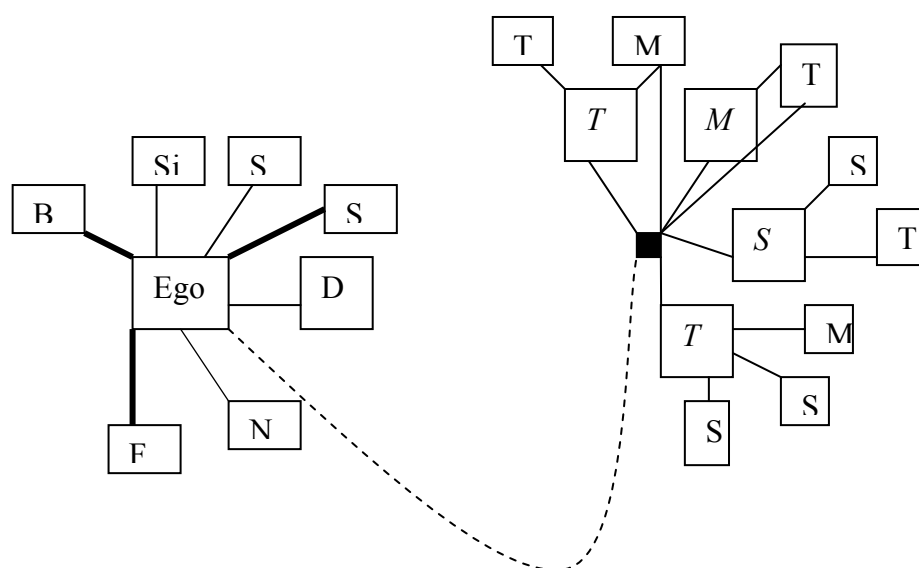
business places are also gradually acquiring modern equipment according to the economic and status level of each business scale. For instance, normal calculators to computer are being steadily incorporated into their everyday used items. Although, family members are still significant in the managerial sector, it clearly seems to be those vacancies are opening towards trained and knowledgeable outsiders with gradual growth of their businesses.

Within this structural and instrumental background, the Up-country Tamils have formed their entrepreneurial approaches into several specific patterns. Some patterns emerged directly utilizing positive ingredients of the cultural values and others were generated as a result of reaction to the everyday challenges of livelihood. Although it is possible to have some more networking patterns, this attempt is to develop a general idea about some prototypes that are likely to be the most frequent approaches of Up-country Tamil entrepreneurship.

Pattern I

Pattern I illustrates the form of entrepreneur who is shifting his business from private space to public space. On the one hand, this is a geographical movement from the estate sector to a public location such as a town or bazaar. This movement causes oneself to untie from the plantation administrative system, and then he is free to utilize public space for business purposes. On the other hand, this could be considered as moving from private relations to public relations. The entrepreneur handles his business at the initial stage using kinship ties with family members such as father, mother, brothers, sisters and sons and daughters. Sometimes cousins and nephews or some other relatives also might be the regular members of this network.

Sometimes, it may be possible to see thicker reciprocity between several members within the family depending on the nature of the business. Then the entrepreneur has to deal with the general public who are unfamiliar to the entrepreneur. After moving from the native place to a town or bazaar, he/she is required to bridge relations with other ethnic groups such as Sinhalese, Muslims and non-related Tamils who are direct and indirect stakeholders of the current business network. Many examples can be found for this pattern from the estate sector. Sometimes, one may have to continue his initial business within the line-residence from five to ten years to move to an outside space.

Graph 6.2**Code****Bonding relations**

Husband = H
 Wife = W
 Son = S
 Daughter = D
 Brother = B
 Sister = Si
 Father = F
 Mother = M
 Uncle = U
 Aunty = A
 Other = (will be specified)
 Neighbour = N

Bridging relations

Tamil = T
 Sinhala = S
 Muslim = M
 Other = (will be specified)

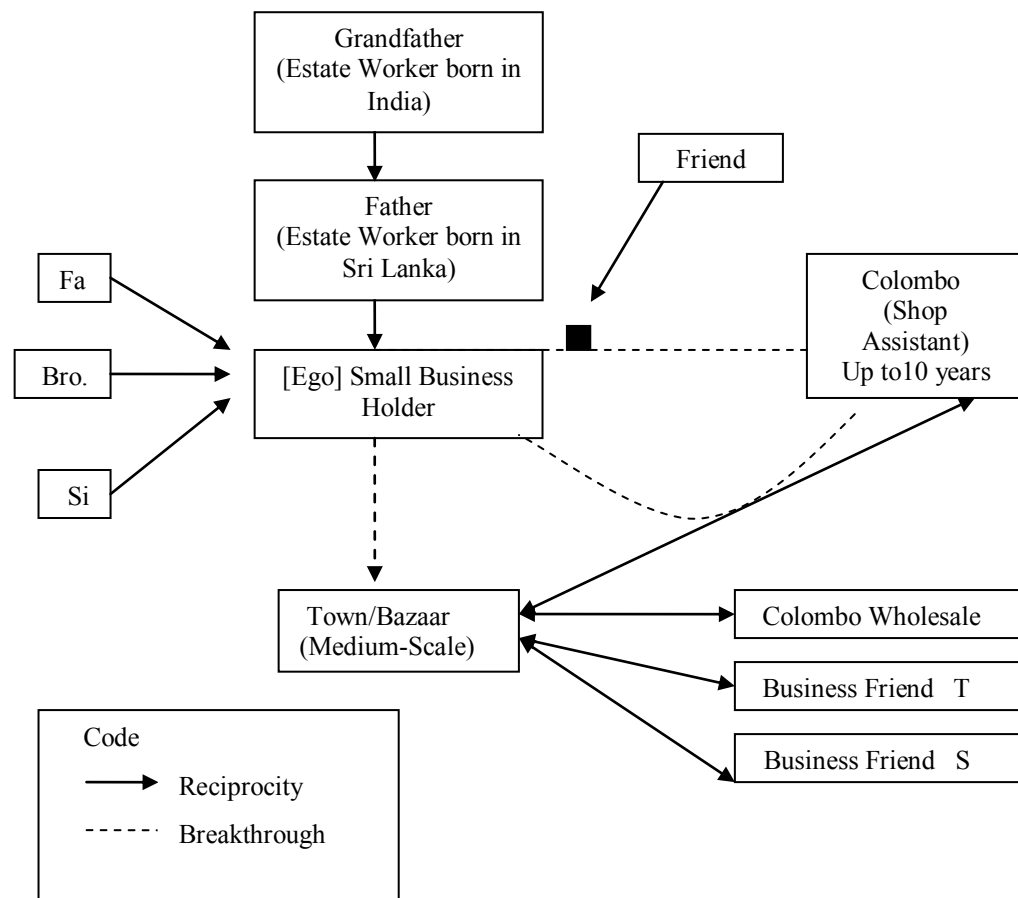
— Reciprocity
 ----- Breakthrough

Sometimes, leaving or having a breakthrough from the basic network may be a risky decision, because the entrepreneur has to pay additional attention to maintain the business at a new location. The entrepreneur who is accustomed to obtain labour free of charge from the baseline network has to be transformed into the novel conditions. Often he has to bear an additional cost for maintenance purposes for hiring labour from alien locations. For instance, Premkumar (44) in Badulla has

continued his small retail shop in a separate part of his line-apartment for seven years before shifting it to close proximity of the government school of the village. Though he has benefited by selling sweets and short-eats to school staff and children, he has to pay an extra attention on security of his current business premises. Therefore, the breakthrough period may be less profitable or comparatively backward (Lin 2001: 48). However, networking with outsiders with trust developed on 'arm-length relation' is a must to achieve considerable progress.

Pattern II

In accordance with pattern II which can be settled on the entrepreneurial mobility of Up-country Tamil community, the individual and his/her personal skills and capabilities may be the key persuasive factors. The entrepreneur has to move on his/her own without any family connections. The business holder's grandparents may have come as immigrant estate workers in the early stages of Sri Lankan plantation economy. Most often they may not have had significant changes in their lives up to his father's generation. Everybody has been bonded to the employment of the plantation economy that rooted them for long into the circle of everyday life.

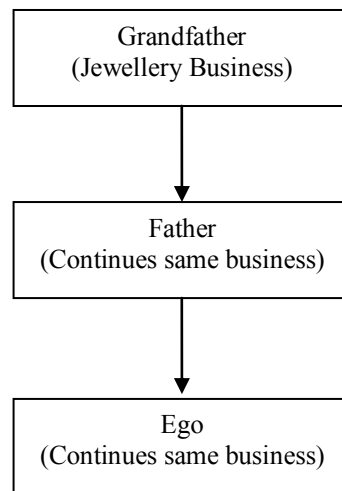
Graph 6.3

The entrepreneur who had a breakthrough from his traditional order is shifting to a shop as a shop assistant in a major city. A friend who he met accidentally helps him to find the new occupation. Although this instantaneous friend had been a cornerstone of whole changes in his lifetime, this accidental friendship may very much be an occasional and vague connection. The entrepreneur who moved to new direction can be successful in accumulating material and human capital with his long term working experience as a shop assistant. Next he has another breakthrough in investing both material and human capital in a new business. The new and emerging entrepreneur receives considerable support from family members at the

basic stages of the business. He has another breakthrough shifting his business from the estate to the town or bazaar. Thereafter, the entrepreneur continues a new business with secondary relations and with some business friends in the wholesale market in Colombo maintaining relations with the previous working place(s). Initial family support, however, is not obligatory. Sometimes several family members could be attached to the new business as an expert manager or an accountant and also as shop assistants.

Pattern III

There is a trend among the Up-country Tamil businesses to retain their business structures continuously without many changes for several generations. These types of business derive from their traditional occupational structure under the caste system. The respective fathers of these businessmen usually come from poor village backgrounds in South India, similar to the majority of the Up-country Tamils. Although their ancestors emigrated from their native lands due to harsh conditions of drought and landlessness, they may claim some cultural capital derived from their ancestors. Goldsmiths and sweetmeat makers are prominent cases of this trend. For instance, in accordance with our sample test, four out of nine jewellery shop owners belong to *Vishwa* or *Ashari* ('Goldsmith' and 'Engineer') castes. Others too fit into parallel castes such as *Chettiar*, *Kudiam*, *Naidu* and *Mukkulavar*. They have directly come for business purposes aspiring to provide their services to their own community along traditional trading knowledge (cultural capital) or with a little material capital.

Graph 6.4

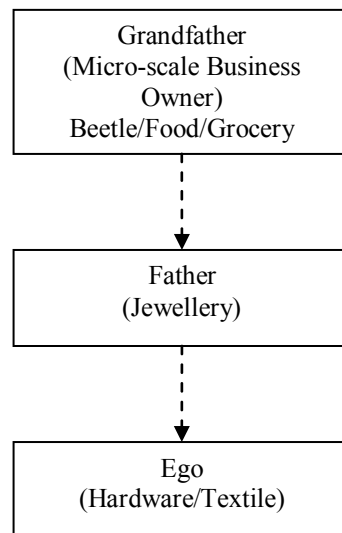
Usually these types of entrepreneurs have achieved an advanced class background and social status within their fellow groups. As a trade, jewellery production is a popular and well-paying business in South Asian societies. On the one hand, jewellery is a particular type of saving system in Tamil community. It is also highly profitable and the demand does not decrease economically and culturally. On the other hand, these forms of businesses help one to rise above the caste system and achieve a proper position in the social class hierarchy. Therefore, business holders are either reluctant or do not want to shift to another business field in terms of changing their traditional occupation. They may continue the same business with or without institutional and technological modernization. Mostly these businesses are inherited from father to son as a family business. As ancestral heritage, the next generation will also support these businesses under the catchphrase “*one day all this will be yours*” (Cassion 2010: 28).

Pattern IV

Pattern IV illustrates higher mobilization within generations of business families in terms of the nature of business characteristics. Traditionally, the entrepreneur has

some business background inherently, but it is not directly derived from the caste structure.

Graph 6.5



These styles of entrepreneurs could be representative of both ends of entrepreneurship in terms of its stability. When they start a new business without traditional knowledge or family background, they may not be able to gain expertise in a particular field. If someone tries to be more innovative in a specific sector, there is enough space for him/her to be stable and make advancements within a short period. However, an entrepreneur who has a dynamic personality has more opportunities to expand their business within a vast area of the business field. They may not lag in the same position and easily react to the new trend of the market. Therefore, most of the entrepreneurs who follow this pattern have benefited from the “high risk-high profit” mechanism. For instance, according to Swarnam’s (37) statement on his hardware shop in Hatton, he has faced many challenges to build up his business up to current position. As he came to know from his father, Swarnam’s grandfather had been a beetle leaf seller at Deraniyagala (in Kegall district). After

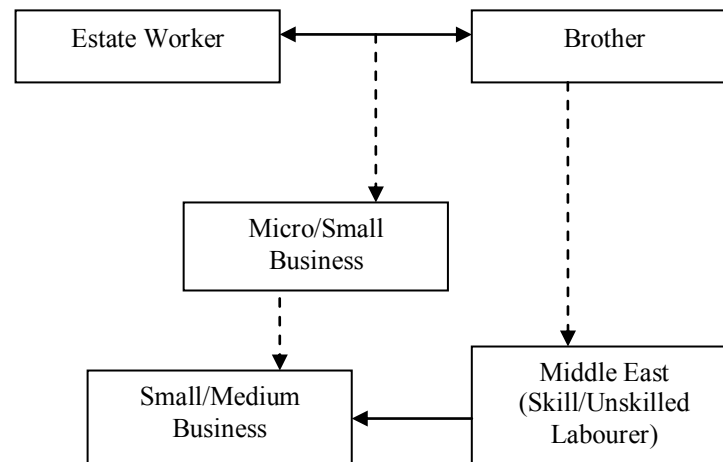
he passed away, Swarnam's father Selvasamy had immigrated to Hatton area around 1960s. Selvasamy established a small-scale jewellery shop in Hatton, and he was quite successful in his business and got married from the same area. He passed away in 1998 as a father of three sons including Swarnam and one daughter. Currently Swarnam's younger sister and her husband are struggling to restore Selvasamy's already bankrupted business. Swarnam was prompted by unstable economic situation of his family to find employment. Then he found a job as an accountant attached to a hardware industry in Kandy when his age was 23. After five years of work experience, he returned to Hatton and established his own hardware shop in a small-scale in 2001.

Pattern V

Pattern V reflects the direct influence of the economic globalization process at the micro-level among Sri Lankan families after 1970s. For instance, the decision taken by the Middle East oil producing countries (OPEC) to increase the price of petroleum caused a remarkable augmentation of their economy at the beginning of 1970s. Consequently, the gradual distribution of the national revenue among the people created a largely wealthy population over the region. Therefore, the employment opportunities increased, but the local population was inadequate to meet the labour requirement, and the inevitable consequence was the opening of the job market to the external world. These job opportunities were shared by neighbouring countries of the Middle East such as, Yemen, Sudan and Egypt, and later these opportunities were opened to the South and Southeast Asian countries mainly India, Pakistan, Bangladesh, Philippine, Sri Lanka and Thailand. This circumstance created an opportunity for such countries to export labour, as the

Middle East countries became increasingly successful in accumulating a huge amount of capital by selling petroleum related products. The countries surrounding the Middle East benefited by acquiring a considerable amount of wealth through the provision of labour, and these foreign currencies that flowed to the labour supplying countries helped build up their own domestic economies over the past three decades. This situation draws out an attractive functional sketch as a by-product of the globalization process, as the unintended consequences and long-term effects in the relevant countries are significant.

Sri Lanka is also an integral part of this process in several angles. As a response towards the globalization process, Sri Lanka's economy was also opened to the market system under the government of United National Party (UNP) in 1970s. Consequently the new situation had been an internal push factor not only for one ethnic group but all ethnic groups including the Up-country Tamil community to gain its benefits in terms of enhancement of their household incomes.

Graph 6.6

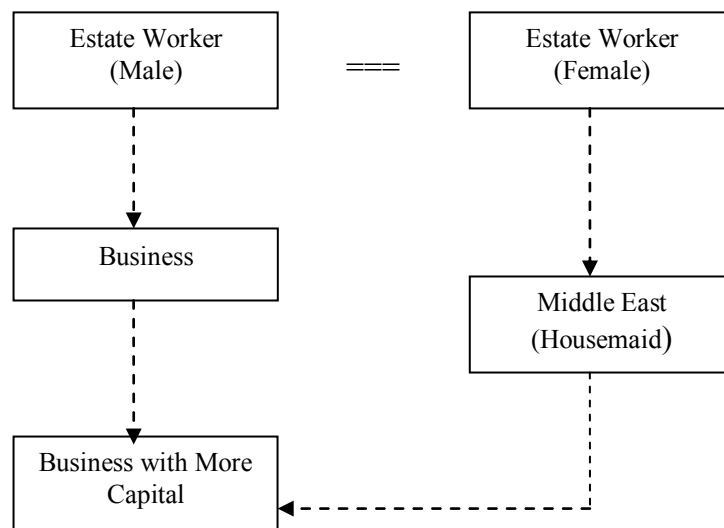
Subordinated to this business networking pattern, some of the male family members of the Up-country Tamil community gained more benefits in accumulating capital to invest in their businesses. There is enough evidence to say that investing Middle East remittances sent by male partners of the Up-land Tamil community enriched their family-based micro businesses. They have built successful businesses using remittance sent by male partners working in the Middle East. One of the main reasons of their success may be due to the fact that their objective was to accumulate capital to invest in their joint ventures. The family-based retail grocery shop mainly handled by Rajendran (23) at Hawaeliya (in Nuwaraeliya) is a good example for this business type. Initially this grocery shop was run by Rajendran's elder brother Manoj in a separate location of the same town. All family members helped Manoj to open this shop by providing labour and monetary support at the beginning. After three years of starting his business, Manoj left to Saudi Arabia to work as an unskilled labourer attached to a construction company with the direct purpose of accumulating capital to develop their business. Currently Manoj's younger brother Rajendran is maintaining the grocery shop in a

different location with improvement. Rajendran believes that remittances that were frequently sent by his elder brother have been crucial to the current achievement of their business.

Pattern VI

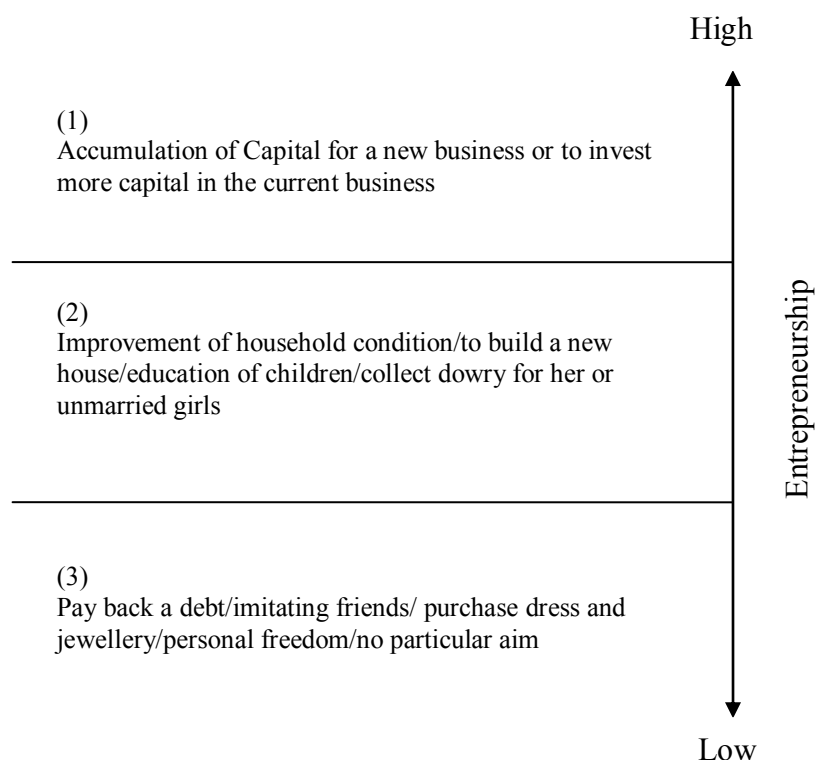
Female labour migration to the Middle East is another significant aspect of the same story. A huge portion of women employees are working in Middle East countries attached to the blue-collar job market. They are mostly employed as domestic workers, garment factory workers and in other similar occupations. Up-country Tamil females who belonged to the lower level of the class hierarchy have also benefited from being attached to the immigrant labour force in the Middle East.

Graph 6.7



According to my research, female labour migration to the Middle East seems to be having a varied effect on aspirations. Frequently the migrant's socio-economic background determines the objectives of accumulation of extra capital. In proportion to their expectation levels, they can be classified into three basic scales.

The first category can be accepted instantly as ‘entrepreneurs’. They may probably be the owners of an existing micro or small-scale business. Or they might have an idea to begin self-employment. They have a greater capability to start a new business or develop current business with the accumulation of extra amount of capital. The second category may not think of direct entrepreneurial purposes and sometimes this trend can easily be classified into non entrepreneurial roles. However, this type of economic motive may be more communitarian than the first category. Although this behaviour may not sound entrepreneurial, the long-term planning and aspirations of these persons may go beyond the first category. The Middle East immigrant women belonging to the third group demonstrate enough characteristics of non-entrepreneurial roles. They can be identified as “mere employees” and their family backgrounds also do not support significant changes of their current social life pattern. The remittances sent by these women labourers could possibly have been misused by their local family members. Many similar incidents are often reported by daily newspapers related not only to the Up-country Tamils but also related to all other ethnic groups in Sri Lanka.

Graph 6.8**Scale of entrepreneurship among Up-country women labour**

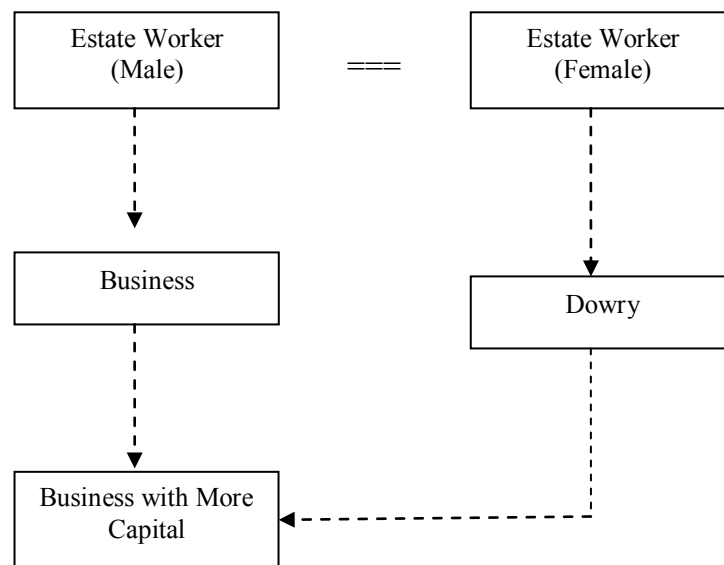
The majority of the Middle East migrant women from the estate sector in Sri Lanka seem to belong to the second or third categories. However, according to our field research outcomes, a good number of Up-country Tamil females were found to belong to the first category in the entrepreneurial scale. A considerable number of family businesses have benefited from the remittances sent by women who work as domestic workers in the Middle East.

Pattern VII

Pattern VII points out the economic function of the marriage tie and particularly the dowry system which has influenced the Up-country Tamil businesses. Dowry has been highlighted by feminists as a symbol of male dominance of the marriage circumstance (Anderson 2003, Kodoth 2005). However, the dowry system among

the Up-country Tamil families could be identified as a form of ‘economic cooperation’ offered by the bride’s family to the newly married couple rather than a form of property or wealth to be paid by the bride’s party to the groom or to the groom’s family.

Graph 6.9



The dowry system is not a regular feature among the bottom level Up-country Tamil families. Mostly their dowry would be limited to jewellery belonging to the bride. However it could be a very dominant factor with the upper levels of the class hierarchy. Estate workers seldom accumulate money for business purposes. When an individual needs to start his own business, he will be facing the problem of shortage of basic capital. Therefore the dowry may also be an appropriate opportunity for an estate worker who has a micro-level business or who has an idea to enter into the business sector. For instance, Suresh (33) is an estate worker who did not have previous experience on business. He married to Alakeshwari (30) in 2001. Alakeshwari had some business experience from her family background and she suggested to her husband Suresh to open a retail shop in his home. She also had

Rs. 125,000 in her bank account which she received from her parents. The newly wedded couple decided to invest this money in a retail shop. Then, they started their new business in 2003, and both are satisfied with current progress of their family business. I could find a similar case in Badulla. When Lakshmi (41) and Sundaram (45) married in 1997, Sundaram was working as a watcher in a private company and Lakshmi was unemployed. Sundaram received Rs. 75,000 as a business aid after three years of their marriage from Lakshmi's brothers as they promised earlier. Sundaram could start a vegetable stall at nearby bazaar using this money in addition to some deposited money that he could save from his monthly salary. Currently both husband and wife are working to maintain their small business and they seem to be satisfied with their income from the shop to cover their family expenditure.

Pattern VIII

Centre-periphery expansion is the most recent market making networking pattern of those who moved to business. This pattern tends to be popular in the comparatively remote areas in the estate sector. The market makers who established their medium-scale wholesale and retail shops in provincial centres have started opening their branches in the peripheries. The identification of new market directions tend to emerge through kinship and friendship networks. Usually the market maker suggests to his relative or a friend to establish a small shop in his/her neighbourhood and then the entrepreneur becomes the central person in performing the structural role. He provides wholesale and retail goods including initial construction facilities to the peripheral agents. The key person of the network mostly uses own transport service to deliver goods to the outside agents. Sometimes this delivery service provided by their wholesale holder may be the only outside

contact for these retailers. Therefore, delivery services play a crucial role in this type of business (see Table 6.2).



Delivery service: the agent of the urban-rural business link

The remote setting of the estate accommodations and their infrastructural shortcomings is a general push factor for meeting the recruitment of dependent retail shops in these particular areas. The new entrepreneur, who identifies difficulties day by day, is motivated to start a micro business at the household level. The neighbourhood community obtains invaluable services from them to overcome their everyday life challenges. Most often, the wholesale traders based in the centres are keen to promote these new businesses. This reciprocal relationship may benefit the city-based traders to get hold of their service through peripheral agents in collecting household productions such as black pepper, arica-nuts, rubber raw materials, coffee etc. I could observe this type of business relationship in Badulla. For instance, Arumugam (54) who lives in Kandegedara near Badulla has

established his retail shop with the sponsoring of a wholesale dealer in Badulla. The wholesale dealer in Badulla has suggested that Arumugam should run this shop in the distant plantation area which is situated at Kandegedara, and currently the wholesale dealer provides basic facilities to Arumugam to preserve his small business. The long-term relationship with Wholesale dealer in Badulla has benefited Arumugam to reach the current achievement. This reciprocal relationship between the retailer and the wholesaler seems to be leading to a reduction in the gap between the rural and urban areas.

Although the retailers play a key role as market makers in the remote and local areas, their actual role is market taking from the wholesalers, and the manufacturers. As such, the retailers' role is significant as the local agents of the mass production market system. The retailer acts as a middleman or a facilitator between market makers and market takers. Therefore the retailer may be the decision maker of the remote localities (Petrovic et al. 2011: 44-45). The person, who is engaged in this intermediate function more innovatively, may be identified as entrepreneurs at the local level. Although there is an assumption about an "age of global retailers" (ibid: 49), we can expect subsidiary-level market makers from remote areas in the developing regions.

6.4. Summary

Chapter VI demonstrates the major networking patterns and reciprocity of Tamil entrepreneurship, using empirical data particularly obtained from interviewing and *sociogram-sociometric* mapping systems. It has tried to formulate specific trends such as inter-geographical, trans-cultural, trans-ethnic, and modernization of

attitude as the basic components of the Up-country Tamil market makers who moved away from their initial ties in order to overcome the barriers of bridging. It has devoted considerable space to present several examples of micro-scale social and fiscal capital accumulating patterns extracted from the research field. The reciprocity between neighbours, relatives, businesses and general friends, customers, and other organizational firms has been discussed as a crucial factor of their entrepreneurship. The attempt to quantitatively measure the networking relations and their values has given an additional empirical note to the study.

Chapter VII

7. Anthropology of Entrepreneurial behaviour of Up-country Tamil Community

Business is not merely a kind of unilateral circumstance; it is a mutual function happening between many stakeholders belonging to different categories and levels. Therefore, a person who is attached to business should have proper internal preparation as well as maintain an awareness of contact with external networks. While innovative personality, managerial capacity and predictability of markets are considered as internal factors, the attitudes of customers, their marketplace behaviour, purchasing capacity, social status, gender, age and many other interests seem to be significant as external factors. The complication within all of these is what is considered representative of a 'business culture'. Thus, the systematic examining of all these strands characterizes the basics of ethnic entrepreneurship.

This common perception of ethnic entrepreneurship seems to be directly related to the market behaviour of the Up-country Tamil community as well. The shape of their market may be a direct reflection of their cultural needs. The gender of the business holders or the nature of consumable goods could be taken as examples. Moreover, the form of customers who convene each day, their social status and social institutions, which maintain mutual contacts are also responsible for forming the character of their market. Particularly the terms, gender, caste, loan, savings, and their attitude towards these inevitable elements tend to be crucial in investigating Up-country Tamil entrepreneurship.

7.1. Gender and Entrepreneurship

The gender-based labour division of business activities seems remarkably significant among the Up-country Tamil communities. Female representation of business ownership is drastically low with all ranks of trades encompassing small, medium and large scales. This statement is consolidated by the field experiences of the current thesis research. For instance, only four (4) female-owned businesses have been recorded out of the 76 business places of the sample.

The Up-country Tamil community's subdivisions belong to the great Hindu culture. Therefore it necessarily reflects the customs, values and attitudes derived from the great South Indian tradition. For instance, the male domain is noteworthy in terms of possessions of family property, right to education, taking decisions related to marriage of children and every other aspect of family-based actions. According to the attitude of both males and females, the males are responsible for economic activities while the females are accountable for household duties. This archaic attitude towards a division of labour within the family may sometimes be the determinant factor of the occupations of the next generation. For instance, when they were asked about future plans regarding livelihood strategies of their male and female children, 78 per cent of both male and female entrepreneurs responded, *“sons should continue the business and daughters must find jobs”*. The main reason for this is the traditional custom in which the females are affixed to another family after their marriages. Therefore, the males are responsible for carrying on the parental heritage and consolidate their properties. Furthermore, culturally the Hindus are known as a sensitive community on gender-based labour division and *“wetkan”* (sense of shame) and *“payam”* (fear) concept is considered to be the

ethical code that is responsible for female morality. Sometimes, they may think that involvement in business activities is harmful to prescribed codes of female morality.

Women are kept away from entrepreneurial activities due to the formation of the plantation structure. If one considers the gender factor of the rate of services, women's employment rate in the estate is higher than men's in the plantation sector. Overall men tend to work in outside jobs or as self-employed workers while women are concentrated in estate work (Kotikula and Solotaroff 2006: 9). Tea leaf picking is a highly labour consuming activity and it has been institutionalized as a "female" or feminine job. Therefore women are highly integrated into the system as a residual part of indenture. In addition, they are obligated to play a feminine role as mother, sister or daughter to the family. The woman who wakes at 4am gets started with the everyday routine by cleaning, cooking, feeding of kids, and sending their children to nursery or school. At 6am she has to be present before the worker-parade of the estate to be assigned the day-duty. They are required to perform any work such as plucking, pruning, weeding or fertilizing as ordered by the officers. After 4pm she has to hand over the day's picked tea-leaves to the store and then returns home. Once at home she has to engage in household chores and duties. Therefore, women in plantation economy are busy with double-shifts: household work and employment.

In the businesses belonging to women entrepreneurs, there are particular characteristics that can be identified. These businesses are not entirely liberated from intermediation or guidance of the males. The female-owned businesses are generally subjected to male supervision. Although, many activities like account

holding, maintaining relationship with customers, making decisions about purchasing sellable items and so on are being dealt with by the females, they seem to be heavily dependent on their male family members, husband, father or sometimes their sons for maintaining contact with the wholesale dealers from outside and introducing further innovation to their shops. For instance, Supriya (49) is the owner of gift and fancy shop in Badulla. Her husband is working as a shop assistant for a wholesale trade centre in Colombo. He collects necessary items to Supriya's shop from Colombo and sends them by public buses to Badulla. Supriya's elder son usually goes to collect them from bus stop and hands them over to his mother. Though she needs to choose the most sellable and favourite items among them (in terms of their colour, design, matching etc.), she is being prevented from going to wholesale shops by the obligatory duties of the household.



Child care and business: a woman enterprise with investment from Middle East remittances

The focus-group discussions which were conducted with the female groups revealed the socio-economic factors which accounted for the backwardness of women entrepreneurship in the estate sector. Almost all women engaged in business as a second shift while they were required to give priority to childcare and household activities. Meanwhile, dealing with their customers, struggling to feed their kids and interruptions by the frequent quarrels of children and attending many household duties are very common in the micro and small scale business places handled by women. Alcohol addiction of husbands is common cause for frequent grievances of the women, and sometimes the day's income is confiscated by their husbands (Philips 2003). Regular indebtedness, defaulted loans by close relatives and neighbours seem to be the burning issues that bedevil female-owned businesses. Certain cases revealed that, some women had given up their micro-scale businesses at the initial stages as a result of breaking the valorisation process due to the violation of loan agreements by neighbours. For instance, Southy (39) an unsuccessful women entrepreneur also stated that relatives and neighbours are destructive in terms of maintaining business relationship. For instance, Southy started self employment as a tailor and she made dresses for children. Her 14 years' experience in a garment factory was helpful to her to start this self employment. She leased a sewing machine from a shop on a monthly paying basis. Initially she made dresses for children of her neighbours. However, her neighbours did not pay her fees on time. She is unable to force them to pay her dues because she needs to maintain goodwill with them. Therefore, she could not pay the monthly owed to the shop frequently. Then she was totally bankrupt and decided to withdraw the self employment within six months. This case proves that kinship and neighbourhood relationships are not always supportive in business activities of marginal

communities. The high integration with relatives, neighbours and friends may create extra burdens that hinder entrepreneurship.

However, in spite of the male domination that prevailed in the business sector, the role of women among the plantation Tamils should not be underestimated. The woman plays a significant role as the direct or indirect stakeholder in the family-based business activities. Field research revealed that the highest rates of frequencies (T-scale 6.04) have been recorded for the wives as the most important personal relationship in maintaining family businesses (see table 6.2). Furthermore, the other female roles such as mother, sister, and daughter are also considerably significant among the business relations. As can be seen in the *business pattern VI* (page 164), the remittances sent by women working in the Middle East countries have been important as a form of basic capital of family businesses³². The decision to seek employment in the Middle East itself gives an appropriate idea about the risk taking personality of women.

³² From the beginning of Sri Lankan labour migration to the Middle East, the majority was represented by females. Refer to the total amount of migrant labour in 1979, 1980, and 1981 according to the order 25875, 28644, and 57447. The reported growth of migrant labour increased from 10.7 percent in 1980 to 100.6 percent in 1981. When males contribute to the growth with standing 93.5 percent, the female share grew to 107.4 percent in 1981. This means the majority of foreign employment opportunities are being received from the Middle East consisted of housemaid type vacancies (NCMS - Sri Lanka, 1981: 3). If Sri Lanka continues further with this mode of income, it has to pay attention to several phases of household issues without depending on traditional slogans of reaping mere economic benefits, because the apparent data does not show the rhetorical figure. For instance, the Sri Lanka Bureau of Foreign Employment is often having a number of complaints from workers who are returning from the Middle East to Sri Lanka. These complaints range over a number of issues according to their nature; non payment of agreed wages, lack of communication, sickness, harassments (physical and sexual), death-natural, death-accidental, death-homicide, death-suicide, death due to the Lebanon war, forcefully held back after the completion of contract, stranded or lack of reception on arrival, problems at home (Sri Lanka), breach of employment contract, stranded without employment, premature termination, illegal money transaction, other (domestic sector), other (non-domestic sector), and not identified (DCS 2006; Human Rights Watch 2007).

Female labour migration is not at all equal to male labour migration in particular with the socio-economic structure of Up-country Tamil community. Making a decision to go for work abroad is not a simple and comfortable choice for a woman who is born into the Sri Lankan socio-cultural context. These circumstances tend to be even more complicated in the estate and rural societies. The traditional family structure has been established in a rigid normative system. The mother or the wife plays the leading role in a family unit. The dignity of a family would depend on the social morals of the young daughter, sister, wife or mother. As sociologically problematic as it may be claimed, any kind of harm for these four phases of female characters could inevitably affect the dignity and morality of all of family members. Therefore, there is no possibility to make a decision to go for foreign employment without properly analysing the cost and benefit at an intellectual level. Within this social environment the most probable decision seems to be that they are being persuaded by conditions of economic poverty to select the comparative advantage of foreign currency over the value of social costs.

Table 7.1
Risks and Profits analysis of Migrant Women to the Middle East

	Family	Personal
Risk	Infidelity of husband/ his alcohol addiction/uncertain education of children/ love affairs of immature children/less convenience for senior family members/ misuse of remittances	Physical and mental harassments of foreign employers/ sexual abuse/nostalgia/ stigmatizing within family/
Profit	Able to build a new house/ possibility invest in a new business/ better dresses and education for children/ to collect dowry for herself or daughters	Economic independence/ freedom from family ties/able to enter the 'modern world' with fashionable dresses & jewellery

The general principle of measuring investments and profits usually deals with mere economic indicators during the period of the working agreement of female labour migrants. Lacking reputed scales to count social cost of migrant workers (separation from children, stability of family circumstance, social stigma), or the wide gap of correlation between action and consequence such as absence of the mother and education of children, policy makers may pay less attention to these factors. Therefore, it can be a reason not to demonstrate the gap between cost and benefit. Nobody has counted the pure surplus after accounting for the qualitative and quantitative rehabilitation costs of fragile families of migrants. Therefore, the motivation for a woman to opt for employment in the Middle East is not an inconsequential incident but she should have a considerable entrepreneurial ideology and high level risk taking personality. The woman, who is not conscious of entrepreneurial characteristics, will not favour to make such an uncertain decision. Therefore, the strength of entrepreneurship of the Middle East immigrant women depends on their age, family background, and attitude. Therefore, there is no evidence to state that female entrepreneurship is backward or less important among the Up-country Tamil community in spite of the fewer female-owned businesses that exist.

6.2. Savings Patterns

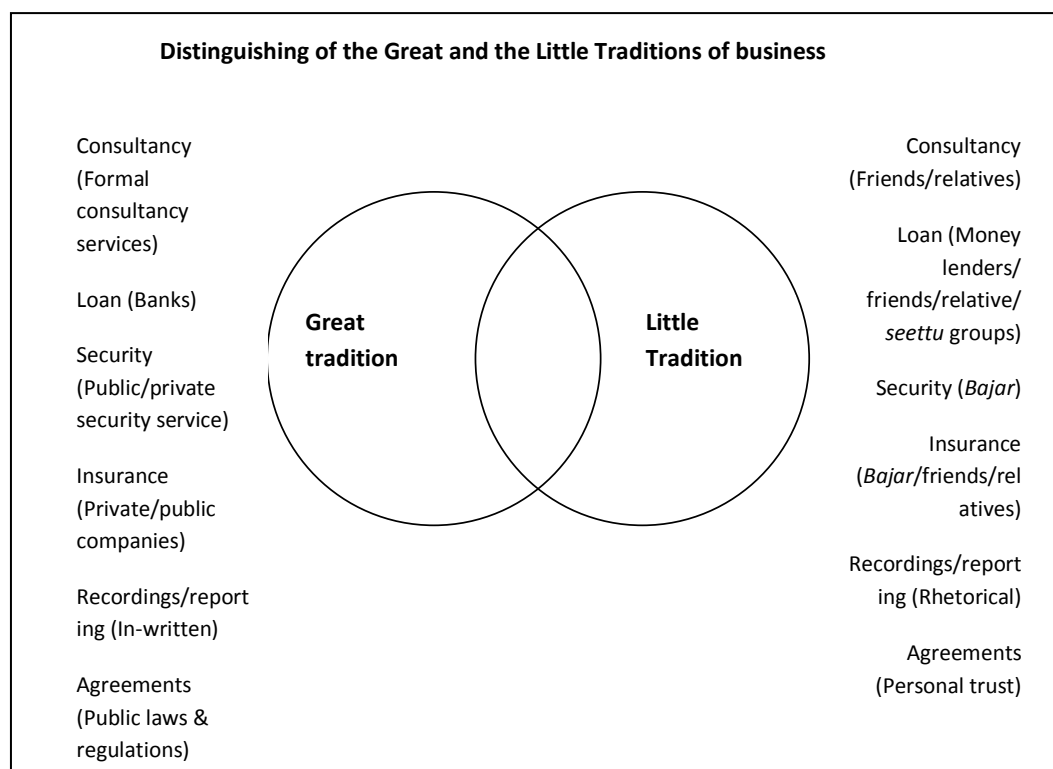
The saving patterns or the informal monetary system prevailing in the Up-country Tamil community reflects another aspect of difference between mass society and marginal social groups. Savings and crediting with reputed banks or other monetary organizations are accounted as formal savings, while traditionally and culturally

derived economic systems such as *seettu* and *muttikasi* can be taken into the informal category. Although, the modern banking and savings facilities are available all over the Island, informal savings, money lending and crediting systems seemed to be in wide practice amongst many low-income families. In spite of the legal restrictions that prevail, the local moneylenders play a significant role in the rural, estate and urban informal sectors. Moreover, informal economic groups (IEGs), which form into small clusters, can be seen in every part of the country. Mostly these informal savings and crediting clusters are known as ‘*seettu* groups’, and these seemed to be highly utilized by development practitioners as a positive tool of their social empowerment and poverty alleviation projects in the recent period.

In general, the traditional financial organizations do not make relations with poor people in their financing, crediting or savings. Meanwhile, the banking, insurance recovery, business credits are known as rationalistic functions which belong to the upper levels of the society, or cater to the practices of large-scale business holders. These functions are conceptually and practically away from the marginalized and segregated communities. As such, obtaining monetary facilities from those banks and other formal financial agencies have been limited to the upper-class social groups. This is the established idea regarding formal banks and monetary facilities among the disadvantaged groups. On the one hand, it is not plausible to directly refuse this trajectory, because the marginals are structurally separated from the complicated and rationalistic actions implemented in the formal monetary organizations. For instance, these institutions are situated in cities. They stand superior to the services utilized by the general public. Therefore, additional

knowledge and social status that go beyond the general literacy is required to deal with these formal organizations.

According to field experiences, most of the senior generation of the Up-country Tamils do not patronise the official banks and other formal monetary organizations. The modern equipment, air conditioned spaces, marble floors, well-dressed officials and very much formal paper-documents seems to be irritating experiences to the people who were accustomed to a rural lifestyle. Moreover, traditional banks usually take strict measures when they lend money to borrowers owing to various difficulties in recovering the basic amount and interest. Consequently, they pay special attention on the requirements of maintaining formality of documents, production of sureties, and the bonding of properties. The poor are extremely inconvenienced in these circumstances. The lack of sureties, shortage of property and resources to mortgage, the unfamiliarity with the formal functions (filling documents, alien technical terms etc.) of the funding organization, and ignorance of the relevant officials are the most common obstacles faced by the low-income groups.

Graph 7.1

The needs of the marginalized are not all together different from those of any other section of the community. They need their savings, they need to borrow and they would be happy with fiscal security. Often, these needs are more pronounced among the poor than the rich. Therefore, turning to borrowing is the easiest way to fulfil such monetary needs. However, the repayment is the parallel term which goes together with borrowing. Most of the low-income groups seem to be sunk in trouble at this juncture. Rutherford (2000) identifies, and as also emphasized by Simanowitz and Walter (2002: 22) with further improvement, there are four major circumstances for which the bottom line needs monetary support:

- Social circulation needs: weddings, funeral, childbirth, education, home building, widowhood, old age

- Disasters: fires, floods, cyclones, tsunamis, landslides, and man-made events like war or bulldozing of dwelling
- Emergency needs: sickness, injury, unemployment, theft, harassment or death
- Investment opportunities: expanding business, buying land or equipment, improving housing, securing a job etc.

When they are not aware of obtaining these facilities from regular institutions, the inevitable consequence may be to turn towards similar but informal options (Uphoff 2000; Kalantaridis 2004: 49). As a consequence of the above conditions, there are two most probable options that are followed by individuals of low-income communities:

- I. Requesting loans from relatives, neighbours and friends
- II. Borrowing money from informal moneylenders for higher interest

The first option would be ruled out owing to the similar low-income level of the relatives, neighbours and friends. Moneylenders and pawnbrokers who are living in the rural sector or who are located in the low-income areas benefit from these opportunities. The general interest rate of local moneylenders will increase as the belongings of borrowers are limited. According to our experience, their monthly interest rate may be between 10-100 percent. The borrower who does not have property rights or a proper income base would be bonded to the highest rate of interest and has to spend his whole monthly income for the amortization obligations of interest thereafter. Since they are not aware of taking such a high risk, the final option may be to turn towards the collection of micro-credit from

the members of *seettu* group on behalf of their family needs. Therefore, we can define the *seettu* system as a ‘little’ traditional economic function that emerged within low-income groups as a result of exclusion from the reputed monetary structure.

7.2.1. *Seettu*: The Banking of Bottom Line

According to the above discussion, *Seettu* or *cheettu* is a kind of traditionally derived mutual savings and crediting system that benefits each group member of a group within a highly integrated community. Bestley et al. define the *seettu* system as a “*response by a socially connected group to credit market exclusion*” (Besley et al. 1993: 807). Therefore, a *seettu* group generally forms among men or women on the basis of easily maintainable face to face relationship on personal contact with each other. The person who organizes gathering members of the *seettu* tended to be automatically the group leader. The rotary crediting for each one during the predetermined frequency is the verbal agreement among all the *seettu* members. Personal trust is the only warranty to retain the process for a period. If somebody breaks the verbal surety bond, the whole mechanism will crash and the social stigmatizing that follows on the defaulting member would be heavily damaging to his/her future community relations. Therefore all members of a *seettu* group are cautious to maintain their social trust. According to field experiences, there are three types of informal group-based crediting systems prevailing among the Upland Tamil community:

1. Randomly selected chit
2. Bidding *seettu*

3. Rotating common fund for purchasing durable commodity

The rotating savings and crediting system has been used under the same concept but in different names in different societies in the world. For instance, it is popular as ‘credit chit’ in India, *arisan* in Indonesia, *pasanku* in Bolivia, *tontine* in Senegal, *njangkeh* in Cameroon, *kye* in Korea, partners in Jamaica, and *susu* in Ghana (Bastelaer et al. 2000: 2). The rotating savings and crediting has been popular not only among the Up-country Tamils but also among other ethnic groups such as Sinhalese and Muslims in Sri Lanka. At present, all ranges of people seem to be participating in the rotating crediting system, believing it as a trustworthy investment pattern for business purposes and everyday needs. However, this practice is more popular among the women in low-income communities and they gain comparatively good benefits from it in different ways.

According to the first system, the individual in the *seettu* group can take his/her chance to have the total amount of money by selecting a random number. The collection of money will go for a common fund and the whole amount will be offered for each member in the allotted numbering order. Whether there is a competition for selection of priority numbers, or not the random choice is used only for easy agreement among group members. Every member has the right to claim for an equal amount of money rotating on a daily, weekly or monthly basis. However, the monthly basis of collection is the most popular practice in the *seettu* groups.

The mechanism of the bidding *seettu* seemed to be a little different from the simple weekly or monthly payable crediting frequencies. The priority for each could be

determined by the choice of each member. The person who has immediate monetary requirements can apply for the frequency priority. There is an extra weight of interest according to the order of the precedence level. The last frequencies may be the least risky in the context of bidding.

The raising of a rotating common fund for purchase of durable commodities is especially popular among women in low-income communities. Usually a chief coordinator (group leader) arranges the group meeting with each group member personally. Either all group members unanimously agreeing on the household commodity could have determined the circumstance, which they collect money for, or the group coordinator may direct suggest to the others. Most commonly their small collection would be for the purpose of an appliance for the kitchen. Sometimes it could be extended to a sofa, settee, radio, television or some relatively expensive item according to the awareness of occasion and the fiscal awareness of group members. This system has been remarkably useful for low-income families to buy their household requirements which they could not have bought individually.

Although the *seettu* or informal group-based crediting systems are considered a “female job”, our field experiences consolidated that many male owners of micro, small and medium scale business also practice the same procedures and gain many benefits. Often, some business owners have used money collected by their wives from *seettu* for their business purposes.

On the other hand, some traditional savings systems like *mutti kasi* (collecting coins in a bowl or a small pot) are not practised at all, or are gradually disappearing. The

main reason may be the deteriorating validity of coins. Although some of the younger children do maintain these ‘money pots’ as a result of receiving them from subsidiary communitarian organizations, often depositing coins and waiting for it to fill up has become cumbersome. However, these savings pots are also not being used regularly by children. The habit of maintaining bank accounts seems to have developed steadily among the low-income Tamil groups. Almost all business owners have built good relationships with formal banks and maintain regular bank accounts. According to field research, it is the public banks that are still popular among the business holders rather than private monetary services in terms of savings practices and drawing credit (see Table 6.1). Some subsidiary crediting systems which have been introduced by public banks seem to be popular with the entrepreneurs. However, the younger generation, particularly exposed to the employments of non-plantation sectors tend to be familiar with maintaining saving accounts in the formal financial institutions.

7.3. Business Loans and Attitude towards Borrowing

As has been discussed in Chapter V, lending, borrowing and indebtedness are very common amongst the Up-country Tamil communities. On the one hand this reflects the structural effect of interdependence and on the other hand the class relations between “nobodies” and “some-bodies”. Even if the bottom line thinks that living without debts is a form of happiness, it seems that such aspirations of a perfect self-sufficient household economy are beyond the reach of their social context. Even after the traditional *Kangani* system was abolished, new forms of institutions appeared to maintain the same “patron-client” relationship. For instance, some focus-group discussions revealed that many plantation labourers are undergoing

financial difficulties due to their indebtedness to some shops in the town and bazaars. They have purchased some durable household items such as sofa settee, television, cellular phones, cupboards and many other things on a monthly payment basis. These shops are also keen to provide leasing facilities. Consequently, the traditional indebtedness is still continuing in the plantation sector.

However, with the upward mobility in the social hierarchy, the attitude towards borrowing tends to change gradually. Most successful traders stated that they are not in need to borrow from anywhere and that their current business is stable. Community support and monetary facilities are needed for business personnel in their initial stages. *“Business means loans... do you know... nobody can handle a business without loans”* is the way some optimists emphasized their notion on loans. According to the evidence revealed from personal interviews, almost all of the successful entrepreneurs have been highly dependent on business loans that had been provided by the government and non government monetary agencies. This experience is very common at the starting points of many businesses. The investment of money drawn as a loan can be considered a high risk personal action. However, many traders have been successful with the investment of their loans and now maintain favourable relationships with various types of financial institutions.

Several forms of financial agencies are seen to be popular among the entrepreneurs who are the subjects of research. They can be classified under government banks, private banks, community based nongovernmental organizations (NGOs), informal or illegal moneylenders etc. Currently several NGOs have introduced savings and micro-finance systems covering some parts of the plantation sector. They also seem

to be getting popular among the general public. Some volunteer organizations have shown successful outcomes particularly working with micro and small scale business holders. Sometimes, some well-experienced volunteer servants have earned fruitful results converting informal economic groups or *seettu* groups into formal credit groups under the supervision of their action researches.

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LakJaya Micro Finance Limited
Loan Book

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Crediting for micro business: The “LakJaya” Loan Book of Mrs. Arul Mary

However, although these formal volunteer organizations are ready to provide monetary aid on a welfare basis, the informal moneylenders still seem to be popular. In spite of usury rates being comparatively high, business holders as well as the general public seek their services because of the lengthy and complicated procedures that have to be pursued in the formal sector.

7.4. Attitude towards Business

The attitude towards the occupational hierarchy seems to be a significant factor of choice rather than an opportunity factor in Sri Lankan communities. This attitude

sometimes might be the multitude common factor that prevails all over the island nation. Obtaining regular employment confers a highly legitimized social status than entering business. Status could vary according to the quality of employment or the opportunities to manipulate power. It can be seen there is an employment hierarchy beginning with the medical doctor, university lecturer, engineer, and moving down to the school teacher among the jobs, which attract social status and popularity. Thereafter, employment in public administration such as the Ministerial Secretariat, Divisional Secretariat to Local Government Officer (*Grama Niladhari*), and politically selected positions beginning from the Executive President to the Local Government Member are significant among the desirable occupations. In addition to the government sector there are other sets of occupations in the private sector, which start from the Executive Officers of various national and multinational organizations down to the workers of garment factories.

The aspiration of almost all individuals is to acquire one of these limited opportunities as a tool of social mobility. There are several educational streams from the school level for the attainment of these opportunities excluding the political positions. The educational standards testing exams such as General Certificate of Education (GCE) Ordinary Level, Advanced Level, and thereafter university education in different streams and miscellaneous post-graduate programmes and diploma certificates are required to succeed and compete for these limited job opportunities. The individual who fails is persuaded to take up self-employment as the final option. The mind-set of the Up-country Tamil community can also be significantly reflective of this common attitude as regards occupational hierarchy.

According to our field data, 42 percent of the respondents expressed that if they had an opportunity to find a regular job, they will be moving out from the current occupation, i.e. business. *“We are not educated enough to find jobs, that is why we are struggling to earn a livelihood with these self employments. It is better to do a job, than dealing with uncertain businesses”* one wayside textile and fancy items vender stated his negative attitude on trade. This is a very common attitude among the general public and some small holders who chose business as the final option of their livelihood strategies. 56 percent remained positive about their business and were willing to retain it as a lifetime livelihood strategy. About 68 percent of the parents of entrepreneurial families did not want their children to take over their businesses nor did they want the children to earn a living by doing business. The main aspiration is to move their children to regular jobs, with assurance of fixed salaries. A good 77 percent of the parents favour their children taking over their business and continue in terms of developing it further. There is a significant difference in their attitude towards future occupation of male and female children. While the majority of business owners were keen that their businesses should be taken over by their sons they believed that their daughters should find regular jobs.

However these attitudes seem to be changing gradually with increasing success of their businesses. Most successful business owners expressed the desire that their sons would take to business. Some parents promote their sons for entrepreneurial activities by providing formal education facilities from external training programmes. For instance, some particular cases observed in this study revealed that some parents have sent their sons abroad for further education in business

administration in order to effectively hand over their businesses in the future. For instance, Ravichandran (26) who handles a jewellery shop in Hatton was sent to India to learn lapidary and goldsmith industry by his father after the end of his advance level exam. Currently Ravichandran is successfully maintaining his father's jewellery shop. He also has applied his new technological knowledge to the development of their business. However, many middle class business owners' attitudes towards future occupations of their daughters were not much different from those of the lower rank business families. The future positions of daughters considerably depend on aspirations of parents and prospective spouses.

7.5. Businessman-Customer Behaviour

Food and grocery shops tend to be a **particular variety** of items, which are handled by Tamil traders in almost all the major cities in Sri Lanka. According to our observations more than 70 percent of the retail grocery businesses in Hatton area belong to the Up-country Tamils. A large quantity of rice bags (*goni*), containers of lentils and other cereal, several kinds of dried fish, coconuts, potato, garlic, onion, every type of spice, instant food, soap and shampoo, broomsticks, spoons made of coconut shell, and other non descript miscellaneous stuff are characteristic items of the Tamil grocery business. These items are associated with meeting the basic needs of everyday life of every ethnic group. Therefore the owners of this type of business are required to be in contact with their uncertain customers. From the beginning of the day, almost all grocery shops are crowded with customers. Tolerance and patience therefore are an inevitable concomitance of a high degree of performance of the businessman-customer relationship.

These vendors transact business not only with rich customers but also with poor customers mainly coming from the low-income groups. Indebtedness is very common among the low-income communities and it may be quite significant in the rural and plantation sectors. Some may not have spent even a single day of their whole lifetime free from debt. The total earnings of the current month of these chronically poor may be just enough to pay back the debts which have been drawn in the previous month. Therefore there is a great possibility for the grocery shop owners in the nearby town or bazaar to automatically become the “messiah” or the lifetime partner of these communities.

The entrepreneur knows practically that the debtor relations impede the valorisation process of business. It tends to depreciate the accumulating business capital. Sometimes its ultimate consequence might be the loss of both money and some of the good customers. Although the customer is the least important factor in terms of facilitating things like land, labour, fiscal support, information etc., the entire business enterprise may depend on their goodwill. Therefore, the tactful market maker deals with his customers with the public notice “*Kadan uravukku pakai*” (Loan is hostile to our relationship), or “*Kadan uravei murikkun*” (Loan will break our relationship) on the wall or on the showcase of the shop. When relatives, neighbours or regular customers frequently make trouble requesting goods on credit, the shop owner does not hesitate to get into action by expressing his reluctance in a further creative notification in the form of “*indaikkuk kasukku – nalaikkuk kadanukku*” (cash today, lending tomorrow).

When the shop owner wants to maintain the concerns of the customer and continue the business, he may take action and inform more honestly and descriptively, as a softened notification than previous one: “*neengal nanayamanawar, anal nam kadantharak, kudiya nillail illei*” (We trust you, but we are not economically stable to give credit to you). These types of notifications can be commonly seen in the retail shops in the rural areas. However, as the shops are located far from the relatives, neighbours and friends, this particular credit related notifications seem to be gradually disappearing. The shifting of the business from the estate residential areas to town or bazaars makes them free from additional troubles created by kin, neighbours and friends. The new customers in the new locations are aware that there is no credit facilities provided for unknown or uncertain others. That can be interpreted as an obvious advantage of shifting from bonding to bridging.

This situation can be explained as analysed in terms of the gaining of profit through the emphasis on ‘high effort-high return’ mechanism. Considering initial predictions of effort and return for purposive action and interaction, high returns may be yielded with low investment of maintaining resources in terms of undertaking a business within a homophilous group (Lin Nan 2010: 48). When heterophilous relations are weakening with debt related matters, the entrepreneur may not obtain the minimal advantage of low-cost maintaining resources. Therefore, there is no risk other than gaining from the action that is absent in the basic network. However, the market maker is required to run the risk of high effort despite low return in the heterophilous enclaves. He who is motivated by high gaining of resources within heterophilous relations should have managerial skills to handle the new situation.

The modern concepts of business management, such as banking, marketing, labour, efficiency enhancement and welfare do not seem to be common among micro and small-scale business of the Up-country Tamil community. However, we could also observe that most of these concepts are actually being used by Tamil market makers through their personal attitudes and practical experiences. Although they do note that customers are the least important factor in their business oriented networking circumstance (Table 6.2), it seems that almost all their business missions are attuned to maintaining the businessmen-customer relationship. Sometimes this may be derived from an inherent market making process. For instance, when I asked what action the respondent (business owner) was taking to provide proper service for the customers and for enhancement of management, all the answers were found to have similar characteristics. One business owner expressed his attitude towards the customers as follows: *“Usually I don’t classify my customers into two groups as important and less important, every single customer is equally important for me”*.

This idea is particularly important in building up Up-country Tamil entrepreneurship. For instance, once I had a chance to observe the practice of catering equally to all customers when I was conducting an interview in a tailor shop. Although the tailor had been busy with miscellaneous work of the other customers, he accepted to repair a dress belonging to a Sinhalese woman, who was also his neighbour. When she left, the tailor said to me that, this type of work is usually time-consuming and less profitable. However, they are obliged to accept any kind of work in order to maintain good neighbourliness and good-will with customers. The tailor expressed this in his words: *“Everybody comes here to get*

good service from us; our duty is to provide maximum customer-friendly and prompt service for them”.

As stated before, the indebtedness is an integral part of everyday life of the estate sector. Therefore the most knowledgeable person about the worries and grievances of neighbours is the neighbourhood shop owner. Although, most business personnel articulate their lack of enthusiasm in maintaining business relationship with disadvantaged communities, some successfully manipulate the market condition of the estate sector. One food and household stuff retailer commented on his managerial experiences with disadvantaged groups: *“Some of my customers are undergoing financial difficulties; or otherwise almost all people have bad periods sometime in their lifetime; so I don’t hesitate to sell on credit; I know we are interdependent on each other; if they have money they will pay back later”.*

One shop owner revealed the secret of the success of his business as: *“Punctuality, quality goods, and attractive prices are ideologies of my businesses”.* These ideas are very much in agreement with modern concepts of business management. Another medium-scale business owner who employs several shop assistants divulged how far he has been dedicated to building up his business systematically: *“I don’t close my shop without finishing off everyday account balancing; I often emphasize to my shop assistants not to leave until they finished cleaning and tiding up at the end of the day”* Often these form of businesses have succeeded with high dedicated, self-exploitative experiences.

The one pawn brokering and money lending service interviewed in this study provides evidence for the efficiency and management capacity of Up-country Tamil businesses. Although there are modern and established monetary services available in the bazaar and nearby town area, the entrepreneur has been successful in retaining the traditional pawn-brokering and money lending facility. He stated: *“You can see there are two reputed banks established on the left and right sides of my shop, but still a lot of customers come to me looking for my service”*. He is able to provide attractive packages to his customers that are not accessible in the formal banks and funding agencies. The efficiency, less formality in terms of documents, face-to-face contact with customers, and flexibility can be taken as the major peculiarities of his financial service. Therefore, concisely, all of these descriptive characteristics illustrate innovative and entrepreneurial actions of skilful entrepreneurs.

Likewise, this description reflects the characteristics of the under-development or the dependent market system in the third world. Although the market has been manipulated by the capitalistic system, it does not function properly to accomplish with all its requirements. The retailers act the role of market makers in the local market. Their action is innovative and entrepreneurial enough as the representatives of mainstream market makers. The goods are also supplied at the sufficient levels. However the market does not perform properly as a result of lack of competitive buyers or the third factor. The lack of credibility of consumers seems to be the cause of slow progress of the buying and selling mechanism of this type of market.

7.6. Summary

The data collected in interviewing, focus-group discussions, and observation are mainly responsible for elaborating the findings of this chapter. It has carried an in-depth ethnographic analysis on the pertinent constituents of the Up-country Tamil business activities such as, gender, traditional and modern saving patterns, attitude towards loan and business, and businessman-customer behaviour. Particularly, the gender-based labour division indicates steady signs within Up-country Tamils and it reflects from business activities. Although the gender-based attitudes seemed to be an additional strength to the family business, the study identifies it as a factor of hindrance for female entrepreneurial identity. Moreover, the attitude towards loans and business also seem to be an extension of the same context. The saving patterns like *seettu* mirrors the communitarian characteristics of the bottom level of the society. Further, the short ethnographic discussion on businessman-customer behaviour has endeavoured to embody the innovative, entrepreneurial and managerial potentialities of the focused ethnic enclave.

Chapter VIII

Conclusions

This study articulates the basic profile of Tamil entrepreneurship with special reference to the Up-country Tamil community in Sri Lanka. The research was conducted for the purpose of achieving three main aims. The first was examining the peculiar characteristics of Up-country Tamil entrepreneurship that distinguishes them from the other mainstream entrepreneurial communities. We were acquainted with the peculiar networking patterns followed by the Up-country Tamils, and the study has tried to formulate this mechanism steadily as the second objective of the research. Thirdly, the research has been directed by the goal of divulging specific social and cultural norms and values that are anti-entrepreneurial in nature, as well as those which are pro-entrepreneurial within this particular social group.

In terms of achieving the above mentioned goals, the Up-country Tamil community has been recognized as a separate and segregated one from the other Tamil groups in terms of their socio-economic background. For instance, the *Chettiars* and Muslim Tamils, who are mainly Jaffna and Colombo based Tamils, represent the mainstream of the worldwide ethnic commercial network of Tamils. This particular identity is likely to be on account of both primordial and situational aspects of ethnic entrepreneurship. The linear agents of the great tradition of Tamil entrepreneurship like *Nattukottai Chettiars* claim inherent heritage of material, human and social capital, and they have acquired knowledge to maintain their traditional business identity. Further, the Western capitalistic colonial project created extra instrumental facilities to strengthen their positions as a reputed

entrepreneurial community. Meanwhile many situational causes created numerous opportunities to expand the global business network of Sri Lankan Tamils (Jaffna and Colombo based Tamils). Hence, the Tamil business network is playing a considerable role in the worldwide commercial circumstances at present.

In contrast with the other Tamil entrepreneurial communities, our research has demonstrated that the Up-country Tamils are significant stakeholders of the Sri Lankan commercial sector. We have suggested that they are special among the other Tamil market makers as the creators of the entrepreneurial 'little tradition'. The entrepreneurial upsurge of this community tended to be the inevitable outcome of various socio-economic consequences that emerged within the comparatively short history of their existence on the island. Initially they were recruited as labourers largely in the plantation sector and in the harbour and railway construction sites by the British during the colonial period. Gradually they have integrated into Sri Lankan society after facing numerous socio-economic restorations that made significant changes not only in the plantation sector but also to Sri Lankan history. Although they are recognized as a marginal, minority and immigrant community by the Sri Lankan political authority, they have succeeded in constructing a special identity in the wholesale and retail grocery trade, hardware shops, hotels and many other businesses during the last two centuries of their social history in Sri Lanka.

Therefore, this study has demonstrated three major characteristics of the Up-country Tamil business identity as the following: (1) Up-country Tamil businesses are promoted by opportunity composition based on caste and kinship structure

mixed with occupational hierarchy of the plantation sector, (2) mostly their achievements are dependent on extreme self-exploitation, and (3) they are persuaded towards entrepreneurial activities through social marginality which derives from various inner and outer community burdens. As our study has demonstrated, the social structure based on caste and kinship of the Up-country Tamil community was decisive in acquiring different social and economic statuses in the plantation sector. For instance, the caste-based superior status made one directly attached to the higher ranking and privileged jobs like *Kanganies* and *Kanakkupulleis*. These privileged occupations facilitated them to accumulate fiscal and social capital. It seems that the *Kanganies* particularly had a wide advantage to rise as the dominant moneylenders in terms of the capability of control over their own kind. Moreover, the formation of their privileged social status, gave them opportunity to accumulate social capital through the external relationships. As a rigid structural factor, the caste system has a potential to build strong in-group relationship while at the same time causing exclusion from other caste groups. Therefore, only the kith and kin could claim heritage of businesses which have been established by homophilous protagonists. Therefore we have concluded that this particular socio-economic environment created a special avenue for the *Kanganis* to rise as market makers in the Sri Lankan business sector.

The entrepreneurial mobility of the bottom line of the same community seems to be quite different from the previous category. Although the self-exploitation is a common experience of any successful businessman, the dedication to one's own business by a bottom level Up-country Tamil entrepreneur seems far greater than

the upper level. There are several factors that have been observed to affect their mobilizing from the traditional occupations to the business sector. The emergence of many vacancies for blue-collar and less attractive jobs in the towns and cities created to the dependant capitalistic economy in the post-colonial period pulled them towards urban areas. Particularly the unemployed young men have been dragged by this vacuum mostly as porters, shop assistants, and similar occupations of these dependent metropolises. In the meantime, the increasing unemployment has caused deterioration in the plantation economy and the demand for the vacuum of less attractive trade such as collecting waste items seem the major motive for the emergence a little traditional business network within the bottom level of the Up-country Tamil community. The long term working experiences, which have been achieved from working in shops, hotels or similar places in surrounding towns and bazaars, and micro-scale social capital accumulated within nuclear families, are responsible for building their initial business structures. This sub-cultural business pattern is responsible for the building of outsider or the little traditional entrepreneurial action.

The study has also considerably delved into unpacking networking patterns followed by the Tamil market makers who are detached from their traditional occupations. Usually, we do not see this development of business network belonging to Up-country Tamil community as a spontaneous consequence of structural organization. It has arisen from long-term circumstances that manipulated, maintained and reproduced in the market system. The entrepreneur, the market structure, and the consumer are mere actors of this mechanism. Although they belong to a geographically and socially isolated community, the Up-country

Tamils are also gradually being integrated into this inevitable mode of production. The new market makers have to overcome many hardships and community barriers to satisfy entrepreneurial goals. Since they do not have accumulated material, symbolic and social capital as good as reputed mainstream business communities do, they have to be capable of accumulating micro-scale material and non-material capital that are dispersed over the close proximity within their neighbourhood. The innovators who wish to widen their business network have to release themselves from dependency at the basic-level of social ties. Moving from bonded to bridging relationships is not a smooth and spontaneous circumstance; long-term tolerability, patience and dedication are required for the progress.

Thus, the study has tried to show distinguishing entrepreneurial approaches of two different actions of bottom line and the mainstream business classes. For instance, when mainstream business holders obtain all kinds of financial, security, and other infrastructural facilities provided by the concurrent capitalistic market system, the bottom line seems to be automatically expelled from the mechanism. Consequently, some informal manners of accumulating capital like *seettu* system and indefinite social networking structures like *bajar* seemed to have appeared as options from the bottom. Therefore, this conceptual contribution will be important to identify the nature of two levels of economic patterns not only of the Up-country Tamil community but also of the Sri Lankan society.

According to the objectives of the study, it has also demonstrated that predominant attitudes, cultural beliefs, norms and values in marginalized communities are likely to be anti-entrepreneurial. These anti-entrepreneurial characteristics can be seen even within the Up-country Tamil community. These

negative factors may not have been identified by most of social empowerment programmers. For instance, gender based biases, dependent mentality within family structure, negative attitude towards materialism, unenthusiastic influence of the baseline homophilous seem to be crucial in hindering them from entrepreneurial motivation. Moreover, the attitude or ideology on occupation also seems to negatively affect their upward mobility through entrepreneurial activities. For instance, some groups are still acclimatized to think that business should be the final choice of their occupation in the order of selection.

Although, many development practitioners are keen to promote family based micro business with over-assurance of its initial social networks, this study has suggested that the same people who helped him/her to start a business at the beginning may sometimes go against it. Therefore we have emphasized this malfunction as an “inevitable pathetic” of the baseline homophily in our study. We have stated that these redundant relationships should be done away with. According to our field experiences, Up-country Tamil business holders have succeeded in shifting from bonding to bridging at crucial stages of business development. We have explained this obligatory breakthrough under four ideological components such as geographical, trans-ethnic, trans-cultural, and modernization. This situation could be applicable for any of the other highly integrated societies as well.

The study has touched on some particular conceptual areas as key identities of the Up-country Tamil entrepreneurship. For instance, the risk taking personality, hedging norms and values, and informal networking characteristics are significant among them. Though the risk taking personality has been described as a basic

quality of a mainstream entrepreneur, we have suggested that the same characteristics could also be seen among the Up-country Tamils when the women labourers who migrated to the Middle East as transient workers show their decision making ability. Moreover, this study has identified a kind of cognitive hedging of cultural norms and values done by Up-country Tamil market makers in their economic activities. Making a decision to choose a livelihood strategy is a communal decision rather than an individual attempt. This can be taken as a specific characteristic seen in highly fused societies at the time they are moving towards new occupations dealing with their traditional ethical codes. Therefore, this study carries several arguments policy wise and of disciplinary significance. Considering the policy factor, this study may be useful in implementing multipurpose projects conducted by government and volunteer organizations for socio-economic enhancement of the Up-country Tamil population in Sri Lanka.

Particularly new approaches and in-depth empirical knowledge are needed to understand the social reality in any given community. The upgrading knowledge through this type of micro studies would be more valid and applicable rather than constructing of meta-narratives. Various development models that come under different labels such as community development, social empowerment, entrepreneurship development or poverty alleviation in the different parts of the world, are mostly stagnating without proper achievement of their goals due to lack of in-depth understanding of the complexity of their target groups.

Some government and nongovernmental organizations such as *Grameen* Bank in Bangladesh, Bank *Rakyat* in Indonesia, BWTP in Australia, and *Sanasa*

Development Bank in Sri Lanka etc. are employing the concept of entrepreneurialism successfully in terms of empowering disadvantaged groups in the rural and other sectors. Particularly these agencies have proven that entrepreneurialism is not a concept which belongs to large-scale banks or monetary institutions alone, but applicable for small or micro-scale welfare based credit programmes in the grass-root level as well (Weber 2004: 356-386). These agencies have creatively employed available resources in rural and urban low-income communities such as kinship, friendship, and the neighbourhood as social capital as the initial investment of their micro and small-scale entrepreneurial activities (EPW 1999; European Union Official Journal 2003 Gonga et al. 2009). Therefore, this study will be a tentative source of knowledge, which may be applicable to development projects not only intended for the well-being of Up-country Tamils, but also for the betterment of other societies possessing similar characteristics.

With regard to the consideration of contributions to the enhancement of the discipline, the study has sought to fill the narrow epistemological space in unravelling the legacy of minority and marginal groups, entrepreneurship, and social networking studies. The study has also attempted to inspect internal sub divisions of Tamil entrepreneurship while the much of the existing literature on ethnic-entrepreneurship has at times sought to group the entire community into a single cultural diagram. For instance, we have examined that Tamil business identity could be classified into several factions as far as mobilizing different peculiarities of each sub profile without narrowing down one group as “Tamil entrepreneurship”. Therefore the study has cast a new gaze upon comparing

entrepreneurialism of 'outsider' entrepreneurs and mainstream business groups. In that sense, the study has stated the necessity of different dimensions of social theory in terms of extracting the essence of ethnic entrepreneurship.

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Appendix I

Outline of Focus Group Discussions and Interviewing of Business Owners

This outline is used to assist the interviewer during the interviewing processes of focus group and key informants. The questions below need not be asked in the following order and is meant to help the interviewer ensure that all the aspects have been covered. Questioning and its application might be changed for the purpose of the occasion. Especially the questions will be flexible in the events of interviewing business owners and focus groups for the fulfilment of expected outcomes.

1. *Personal details*
 - Name
 - Address
 - Gender
 - Age
 - Education level
 - Religion
 - Caste
2. *Details about business*
 - Type of business (retail/garment/hardware etc.)
3. *Ownership of business place*
 - Self owned
 - belong to a relative/friend or other
 - Rented
4. *Savings details*
 - Formal (Banks)
 - Traditional (*mutti kasi /seettu*)
5. *Attitude towards loans*
 - Bad habits
 - Important to build or develop a business
6. *Where do you get business consultancy?*
7. *Where do you get monetary support?*
8. *How do you get external contacts?*
9. *Who is the most important in getting business information?*
10. *Who helps you to get manual labour?*
11. *Who provides loans without interest?*
12. *Who provides loans with interest?*

13. *Relationship with other ethnic groups (Sinhala/Muslim etc.)*

- Business
- General

14. *Contribution to the religious, and other volunteer organizations*

15. *Relationship with politicians/elites and others*

- Do you support to any worker union or political party?
- How often you meet politicians and others?

16. *How did you get this business?*

- on your own
- From father/mother etc.

17. *Who helps in your businesses?*

- Wife/husband
- Children
- Relatives
- Others

18. *Please briefly describe your business history.....*

19. *Do you think your business has been successful in the recent period? If you think so, explain at which level*

- Employees
- Income level
- More facilities and infrastructure

20. *How do you feel about business, would you like to continue it or move to another occupation?*

21. *Do you think your son/daughter should become a businessman or should they find a job?*

22. *What were/are the major opportunities to develop your business?*

23. *What are the major obstacles in continuing your business?*

24. *If you accidentally won a lottery (Rs. 100, 000, 0), what will you do with that money?*

25. *Majority of your customers are:*

- Tamils,
- Sinhalese or
- Muslims?

26. *What actions will you take for the enhancement of management and efficiency of services?*

27. *What actions will you take to provide better service for the customers?*

28. *What are the reasons to conduct your business in the current location?*

29. *Any suggestion for further development of your business?*

Codes

Hus	Husband
Wife	Wife
Son	Son
Dau	Daughter
Fa	Father
Mo	Mother
Bro	Brother
Sis	Sister
Unc	Uncle
Aunt	Aunt
Step Br.	Stepbrother
Step Si.	Stepsister
Bro in L	Brother in Law
Sis in L	Sister in Law
Gra Son	Grandson
Gra Dau	Granddaughter
Son in L	Son in Law
Dau. In L	Daughter in Law
Gr. Fa	Grandfather
Gr.Mom	Grandmother
Fri	Friend
Nei	Neighbour
Busi. Fr (S)	Business Friend (Sinhalese)
Busi Fr. (T)	Business Friend (Tamil)
Busi Fr. (M)	Business Friend (Muslim)
Politician	Politician
Gov. Officer	Government Officer
Man	Manager
Shop Ass.	Shop Assistant
Serv	Servant
Bank (Pub)	Public Bank
Bank (Pri)	Private Bank
NGO	Non Governmental Organization
Pri. Eco. Gr.	Primary Economic Group
Deliv Serv	Delivery Service
Cus.	Customer
News Paper	News Paper
Magazine	Magazine
TV	Television
Radio	Radio
Internet	Internet
Bajar	Bajar

